VOL 13 No 1 JANUARY 1983

SURVEY of Current Affairs

Government and Administration

Ministerial Changes 3

Northern Ireland: Renewal of Emergency Provisions 4

Immigration Rules: Disapproval of Proposed Changes 5

RECEIVED
The University of Alabama
LIBRARY
MAR 16 1983
SERIAL DEPARTMENT

External Affairs and Defence

Defence Policy: Lessons of the Falklands Campaign 7

Falkland Islands 14

North Atlantic Treaty Organisation 20

European Council 23

Law of the Sea Convention 24

Shorter Notes

Commonwealth Development Corporation 26; Aid to Brazil 26

Economic and Scientific Affairs

Britain and Information Technology 28

Construction Projects in Operation: 30

The Thames Barrier; The Dinorwic Project

Housing and Building Control Bill 31

Agricultural Marketing 32

British Steel Corporation 33

Fair Wages Resolution 34

Public Expenditure in Northern Ireland 34

Progress on Merseyside 36

Shorter Notes

Multi-Fibre Arrangement 38; Measures to Help Small Firms 38; Radio-Telephone Services 39; Expansion of Education in Information Technology 39; International Building Service 40; Flexible Manufacturing System 40; MacRobert Award 40; Science Budget for 1983-84 40; British National Oil Corporation 41; Nationalised Industry Consumer Councils 41; Laboratory Accreditation Scheme 41

Social and Cultural Affairs

Treatment and Rehabilitation of Drug Misusers 43

Documentation 45

Prepared for the Foreign and Commonwealth Office by the Central Office of Information and published by Her Majesty's Stationery Office, London

Annual subscription including postage and index £20.86

The *Survey of Current Affairs* is produced primarily for use overseas, but in response to requests has also been made available in Britain. Subscription and distribution inquiries should be addressed to Her Majesty's Stationery Office, P.O. Box 569, London SE1 9NH, and editorial inquiries to Reference Services, Publications Division, Central Office of Information, Hercules Road, Westminster Bridge Road, London SE1 7DU. Although the material is Crown Copyright, it may be reproduced without special permission.
Other documents produced by Reference Services, if not on sale through Her Majesty's Stationery Office, may be obtained direct from Distribution Unit (Overseas), Publications Division, Central Office of Information, at the above address on payment of a small charge.

GOVERNMENT AND ADMINISTRATION

Ministerial Changes

A number of ministerial changes were announced on 6 January.

The new appointments to the Cabinet are as follows:

Secretary of State for Defence
Rt Hon Michael Heseltine, MP (former Secretary of State for the Environment)

Secretary of State for the Environment
Rt Hon Tom King, MP (former Minister of State, Department of the Environment)

Other appointments are:

Ministry of Defence
Minister of State (Minister for Defence Procurement)
Mr Geoffrey Pattie, MP (former Parliamentary Under-Secretary of State for Defence Procurement, Ministry of Defence)

Parliamentary Under-Secretary of State for Defence Procurement
Mr Ian Stewart, RD, MP

Department of Employment
Parliamentary Under-Secretary of State
Mr John Selwyn Gummer, MP (former Lord Commissioner of the Treasury – one of the Government Whips)

Department of Energy
Parliamentary Under-Secretary of State
The Earl of Avon, OBE, TD (former Lord in Waiting – one of the Government Whips in the House of Lords)

Department of the Environment
Minister of State (Minister for Local Government and Environmental Services)
The Lord Bellwin (former Parliamentary Under-Secretary of State, Department of the Environment)

Foreign and Commonwealth Office
Minister of State (Minister for Overseas Development)
Rt Hon Timothy Raison, MP (former Minister of State, Home Office)

Home Office
Minister of State
Mr David Waddington, QC, MP (former Parliamentary Under-Secretary of State, Department of Employment)

Parliamentary Under-Secretary of State
Mr David Mellor, MP (former Parliamentary Under-Secretary of State, Department of Energy)

House of Lords
Lord in Waiting (a Government Whip)
The Lord Lucas of Chilworth

One appointment – a Lord Commissioner of the Treasury – had not been announced at the time of going to press.

The following ministers have tendered their resignations; their former posts are given in parentheses.

Rt Hon John Nott, MP[1]
(Secretary of State for Defence)

Rt Hon Neil Marten, MP[1]
(Minister for Overseas Development)

The Viscount Trenchard, MC
(Minister of State for Defence Procurement)

The Cabinet
Following the new appointments, the composition of the Cabinet is as follows:

Prime Minister, First Lord of the Treasury and Minister for the Civil Service
Rt Hon Margaret Thatcher, MP

Secretary of State for the Home Department
Rt Hon William Whitelaw, CH, MC, MP

Lord Chancellor
Rt Hon The Lord Hailsham of Saint Marylebone, CH, FRS

Chancellor of the Exchequer
Rt Hon Sir Geoffrey Howe, QC, MP

Secretary of State for Foreign and Commonwealth Affairs and Minister of Overseas Development
Rt Hon Francis Pym, MC, MP

Secretary of State for Education and Science
Rt Hon Sir Keith Joseph, Bt, MP

Secretary of State for Northern Ireland
Rt Hon James Prior, MP

[1]It was announced that Mr Nott and Mr Marten are to receive knighthoods.

Minister of Agriculture, Fisheries and Food
Rt Hon Peter Walker, MBE, MP

Secretary of State for Defence
Rt Hon Michael Heseltine, MP

Secretary of State for Scotland
Rt Hon George Younger, TD, MP

Secretary of State for Wales
Rt Hon Nicholas Edwards, MP

Secretary of State for Industry
Rt Hon Patrick Jenkin, MP

Lord President of the Council and Leader of the House of Commons
Rt Hon John Biffen, MP

Secretary of State for Transport
Rt Hon David Howell, MP

Secretary of State for Social Services
Rt Hon Norman Fowler, MP

Chief Secretary to the Treasury
Rt Hon Leon Brittan, QC, MP

Lord Privy Seal and Leader of the House of Lords
Rt Hon The Baroness Young

Secretary of State for Energy
Rt Hon Nigel Lawson, MP

Secretary of State for Employment
Rt Hon Norman Tebbit, MP

Chancellor of the Duchy of Lancaster and Paymaster General
Rt Hon Cecil Parkinson, MP

Secretary of State for Trade
Rt Hon The Lord Cockfield

Secretary of State for the Environment
Rt Hon Tom King, MP

Northern Ireland: Renewal of Emergency Provisions

An Order renewing the Northern Ireland (Emergency Provisions) Act 1978, which provides special measures to counter terrorism, has been approved in the House of Commons by 94 votes to 15. The debate took place three days after a bomb explosion in a public house in Ballykelly as a result of which 17 people died and over 60 were injured.

Opening the debate in the House of Commons on 9 December 1982 on a motion to renew the provisions of the Northern Ireland (Emergency Provisions) Act 1978 for a further six months (*Hansard*, Vol 33, Nos 27 and 28, cols 1065-93), the Secretary of State for Northern Ireland, Mr James Prior, said that following the bombing at Ballykelly (see p 5) all were particularly aware of the scourge of terrorism in Northern Ireland. Despite the strong feelings of the House about this outrage and other terrorist incidents the question of renewing the emergency provisions was a serious one to be addressed carefully. Mr Prior reminded the House that the three main elements of the legislation were non-jury courts to try terrorist cases; the special powers of arrest and detention of suspected terrorists conferred on the security forces; and the proscription of organisations involved in terrorism. He said that he did not agree with the suggestion that the reintroduction of the death penalty for terrorist crimes would deter terrorists; men who were prepared to fast themselves to death were unlikely to be deterred from committing capital crimes by the thought of capital punishment.

The need for the legislation had to be considered against the prevailing security situation. The bombing at Ballykelly, taken with recent intersectarian murders and attacks on the security forces, meant that killings in 1982 were higher than in the comparable period for 1978 and 1980, though lower than in 1979 and 1981. The number of other incidents was also lower in 1982 than in the previous year. In the period up to November 1982 there were 361 shooting incidents and 201 bomb explosions compared with 784 shootings and 382 explosions in the same period in 1981. Physical injuries numbered 506 compared with 1,244 the previous year. At the same time the number of convictions had increased; from 450 convictions of scheduled offences on indictment up to the end of October 1981 compared with 617 in the same period in 1982. Mr Prior said he did not point to these figures with even the slightest degree of complacency. There was no level at which violence became acceptable or tolerable. He did not believe that the situation in Northern Ireland was such that it could be said that the emergency measures were no longer required.

The introduction of non-jury courts reflected the view that it was not possible to be sure that jurors could be free from the influences of intimidation. That was still the situation but the central principles of justice were maintained. The onus remained on the prosecution to prove guilt beyond reasonable doubt and witnesses could be called. Defendants had a right to legal aid, to take legal advice and to be legally represented and there was a right of appeal against conviction or sentence.

Turning to the powers to proscribe organisations concerned in terrorism and the offence of belonging to such an organisation, Mr Prior said it was not an offence to hold or express a political belief. But if organisations openly declared their terrorist aims or demonstrated that the sole purpose of their existence was terrorist violence members of these organisations should expect to be punished. Mr Prior referred to the decision of the Home Secretary to issue exclusion orders under the Prevention of Terrorism (Temporary Provisions) Act 1976 against three members of Sinn Fein.[1] He emphasised that they were not

[1]The Home Secretary made exclusion orders on 8 December 1982 against Gerry Adams, Danny Morrison and Martin McGuinness after an application by the Metropolitan Police. All three are elected members of the Northern Ireland Assembly but have declined to take their seats (see p 341, 1982). The first two had been invited by the Leader of the Greater London Council, Mr Ken Livingstone, to visit London to talk about the situation in Northern Ireland.

excluded because of this membership but because of evidence that they had been concerned with the commission, preparation or instigation of acts of terrorism.

Mr Prior referred to his intention to establish an independent review of the Northern Ireland (Emergency Provisions) Act 1978 (see p 221, 1982) and said that some of its provisions were similar to those of the prevention of Terrorism (Temporary Provisions) Act 1976 which was being reviewed by Lord Jellicoe (see p 102, 1982) who was likely to complete his work early in 1983. This would clear the way for reviewing the 1978 Act which was complex and which raised issues of fundamental importance. In the meantime the need to combat terrorism effectively remained and the security forces should be enabled to continue their task.

Opposition View

The Opposition spokesman on Northern Ireland, Mr Don Concannon, said he agreed with the Home Secretary that the death penalty would not deter terrorists. The emergency powers were still necessary but concern was being felt that what began as emergency measures were becoming part of the normal judicial procedure. The review of the Act should be given high priority. The Standing Advisory Commission on Human Rights had concluded that, because of the fear of intimidation of jurors, it was not yet time for a return to the traditional jury system. A Labour Party working group had said that, so long as witnesses and jury members were subjected to intimidation and violence there could not be a return to ordinary trial by jury. However, the question of conducting trials by three judges instead of a single judge should be considered.

The security problem should be examined in a wider context as it would be impossible to make advances in security while political conditions remained unstable. The question of an all-Ireland court and police force and other matters, whether political, economic or social, should be discussed with the new Irish Prime Minister.[1] The Opposition believed that there should be a commitment to a united Ireland on the basis of consent.

The Ballykelly Bombing

A bomb exploded at the Droppin Well Inn, Ballykelly, County Londonderry, shortly after 11 pm on 6 December 1982. No warning was given and the inn was crowded with soldiers from the nearby army camp and civilians from the locality. A total of 16 people died at the time of the explosion, 11 of them soldiers and 5 civilians, 4 of whom were women. Another woman died subsequently. In addition 65 people were injured, 23 of them seriously. The Irish National Liberation Army claimed responsibility for the bombing. In a statement in the House of Commons on 7 December (*Hansard*, Vol 33, No 25, cols 730-6) the Parliamentary Under-Secretary of State, Mr John Patten, speaking on behalf of the Secretary of State, referred to the 'ruthless mass murder' and said that he hoped the atrocity would bring home to people the consequences of offering support to the terrorists. The Prime Minister (col 716) said that the 'slaughter of innocent people is the product of evil and depraved minds and the act of callous and brutal men'. Nothing would deflect the Government from its resolve to free Ulster from terrorism. The bombing was widely condemned by, among others, the Roman Catholic Primate of All Ireland, the Roman Catholic Bishop of Derry, the former Prime Minister of the Irish Republic, the Irish press and Irish American politicians in the United States.

[1]The suggestion that there should be an all-Ireland court and police force to deal more effectively with terrorism has been made by Dr Garret FitzGerald, who returned to office as Prime Minister of the Irish Republic after the general election in November 1982.

Immigration Rules: Disapproval of Proposed Changes

Following the disapproval by the House of Commons on 15 December 1982 of the Government's proposals for changes in the immigration rules the Home Secretary is to lay before Parliament a statement of further proposals as soon as possible. In the meantime the proposed changes will take effect from 1 January 1983 and will apply to decisions taken on or after that date until fresh rules come into effect.

The proposed changes, which failed to win the approval of the House of Commons, were contained in a statement laid before Parliament on 6 December 1982.[1] This set out conditions, additional to those contained in the White Paper published in October (see p 342, 1982), designed to strengthen the safeguards in the rules to prevent marriages for immigration purposes. The new conditions would have meant that a decision to allow a husband to stay permanently in Britain would be taken after two years instead of one. They would also have made it clear that if the marriage had broken down during this period he would be refused permission to stay and would normally be deported. Another proposed change related to the granting of an entry clearance or permission to remain in Britain. Hitherto a husband or fiancé was not given such permission if the officer dealing with the application had reason to believe that the tests laid down in the rules were not satisfied. This meant that the onus was on the officer to show that the applicant did not meet the requirements. Under the new proposals the burden of proof would have rested on the applicant to satisfy the officer that he qualified.

Motion to Disapprove Rules

A joint Social Democratic and Liberal Party motion disapproving the *Statement of Changes in Immigration Rules* was introduced by the leader of the Social Democratic Party, Mr Roy Jenkins, on 15

[1]*Statement of Changes in Immigration Rules*. HMSO, £3·80. ISBN 0 10 206683 3.

December (*Hansard*, Vol 34, Nos 31 and 32, cols 355-440). It was carried by 290 votes to 272 with a number of Conservative backbenchers voting with the Labour, Social Democratic and Liberal Parties. Mr Jenkins opposed the changes because they offended against family life, sexual equality and racial equality. The Labour Party spokesman on home affairs, Mr Roy Hattersley, said that the proposed rules discriminated against women and against British citizens who were black. The leader of the Liberal Party, Mr David Steel, was in favour of allowing those whose custom it was to contract 'arranged marriages' to be able to do so and believed that the new rules should protect family life. Among the Conservative backbenchers who supported the motion, Mr Nick Budgen said that arranged marriages should not be allowed to become a means of male entry to Britain. The proposed safeguards would be difficult to enforce and did nothing to assuage the fears of those who believed that the Government was going back on its electoral promise to restrict further immigration. The Home Secretary, Mr William Whitelaw, said that those who were unhappy with the Government's original proposals came to this point of view for wholly different reasons. The rules before the House were consistent both with the British Nationality Act (see p 320, 1981) and with the need for firm immigration control. The proposed safeguards were not intended to erect barriers that were impossible for genuine marriages to surmount.

Under the provisions of the Immigration Act 1971 the Home Secretary is required to lay a statement of further changes in the immigration rules before Parliament not later than 16 February.

EXTERNAL AFFAIRS AND DEFENCE

Defence Policy: Lessons of the Falklands Campaign

The implications for Britain's defence policy of the 1982 Falklands campaign and the lessons drawn from it were outlined in a White Paper published in December 1982.[1] A debate on defence policy took place in the House of Commons on 21 December 1982.

WHITE PAPER

The first part of the White Paper consists of a brief description of the military operation to repossess the Falkland Islands (see pp 105-12, 149-56, 180-8, 239-40, 1982); and the second part analyses the principal lessons learned from the campaign. The third section describes the steps being taken to make good losses of equipment and to provide for the future defence of the Falkland Islands; in addition it outlines proposed measures to increase the mobility and flexibility of Britain's armed forces for future operations in the NATO area and elsewhere.

Britain's main defence priority, the White Paper points out, remains its role within the North Atlantic Treaty Organisation (NATO) against the threat from the Soviet Union and its allies.

LESSONS OF THE CAMPAIGN

In many respects the Falklands campaign was unique, the White Paper states, but 'the basic ingredients for success were present from the outset: a firm resolve; flexibility of forces, equipment and tactics; human ingenuity; and well-trained officers and men'. The Government had also been heartened by the support shown by Britain's partners in the European Community, its allies in NATO and not least its friends in the Commonwealth. 'This international support, which in many cases represented a clear choice of principle over material interest by the governments concerned, was of value in bringing home to the Argentine leaders the extent of their international isolation. It also extended in some instances to the provision of material help which was of direct benefit to the task force.'

[1] *The Falklands Campaign; The Lessons.* Cmnd 8758. HMSO, £3·95. ISBN 0 10 187580 0.

The higher management of the crisis had been conducted by a small group of ministers chaired by the Prime Minister and advised by the Chief of the Defence Staff. This group ensured that the diplomatic, economic and military strands of British policy were properly co-ordinated, and on the military side, 'established clear guidelines within which commanders were to conduct the operations, without making any attempt to direct the battle from 8,000 miles away'. The short and clear chain of command 'made possible quick reaction to events and to the needs of the forces in the South Atlantic'.

Effective political control and higher command of the operation had required good communications between Britain and the task force, and the vital importance of satellite communications was shown. On some occasions the flow of signal traffic to the task force threatened to exceed the capacity of the available systems; although this did not delay the transmission of important operational messages, it did affect some other traffic. The Government was therefore planning to acquire a new British military satellite and to provide a terminal in all major surface warships.

'The most important factor in the success of the task force', the White Paper explains, 'was the skill, stamina and resolution displayed by individual servicemen. The value of professional, volunteer, highly trained and carefully selected armed forces was amply demonstrated.' The specialised training of a substantial proportion of the landing force – such as the Commandos – was a particularly significant asset, and the way in which the task force responded to many challenges and difficulties totally vindicated the policy attached to training at all levels, from the teaching of individual skills to large-scale exercises.

Maritime Operations

The operations of the task force at sea were guided by three established principles of maritime warfare – containment of enemy forces, defence in depth and keeping the initiative. The success of the campaign bore out the confidence of Britain and its allies 'in the ability of British amphibious forces to react swiftly and effectively to emergencies in and away from the NATO area'. Nuclear-powered submarines played a crucial role since they were 'flexible and powerful instruments throughout the crisis, posing a ubiquitous threat

which the Argentines could neither measure nor oppose'. Their speed and independence of support meant that they had been the first assets to arrive in the South Atlantic, enabling Britain to declare the maritime exclusion zone early and to provide valuable intelligence to its forces in the total exclusion zone.

The course of the campaign, says the White Paper, emphasised the importance of a balanced fleet, the Royal Fleet Auxiliary's ability to replenish ships at sea and the support of ships from the Merchant Navy.

Land Operations

The land campaign had underlined 'the importance of night operations and aggressive patrolling, which were particularly decisive during the determined series of attacks around Port Stanley, where assaults were conducted against a prepared enemy with clear fields of fire'. Weapons proved effective although infantry needed to be supported by greater direct and indirect firepower in attack and there was a requirement for an area attack weapon such as a grenade launcher. The infantry could not have carried their objectives without support from artillery and naval bombardment. The ability of the 105-mm light guns to bring down instant and accurate fire at night or through smoke and fog had contributed significantly to the final collapse of Argentine morale.

Special Forces

The White Paper says that a key role was played by the Special Air Service and the Special Boat Service which operated in advance of the main land forces to gather essential intelligence, and also conducted widespread raids to confuse and disorganise the Argentine forces. Thoroughly tested by the campaign in the skills and tactics which they would employ in any future war in the NATO area, their response had justified confidence that existing selection and training methods produced Special Forces well-prepared for the calls that might be made on them in general war. The campaign had confirmed that the combination in a single patrol of intelligence-gathering skills and the capacity to mount highly destructive raids gave military commanders a flexible and potent weapon.

Equipment

The campaign provided a unique opportunity to test equipment in combat, often in performing unfamiliar tasks. 'Generally the equipment and weapons systems performed well in especially demanding circumstances: as well as, and sometimes better than, expected.' Operational availability of equipment had been impressive and in most cases the need had been confirmed for improvements already planned.

Warships

Operations in support of an amphibious landing within range of enemy aircraft and without the assistance of airborne early warning aircraft or land-based all-weather fighters inevitably risk ship losses; four warships, a supply ship and a merchant ship were lost and eight other warships and two supply ships suffered varying degrees of damage. In most cases the latter ships continued to take part in operations, making good damage through the efforts of their crews aided by specialist teams. The two aircraft carriers, HMS *Hermes* and HMS *Invincible*, were 'effective and flexible command ships and provided good platforms for air operations'.

An independent review by the Marine Technology Board of the Defence Scientific Advisory Council had not revealed any fundamental faults in the design of the Royal Navy's warships. The ships had shown themselves to be strong and reliable platforms able to operate continuously at sea in even the most difficult weather conditions. It had been recognised for some years that aluminium lost its strength in fire, and its extensive use in the construction of Royal Navy warships had therefore been discontinued. There was no evidence that it had contributed to the loss of any vessel. Referring to the rapid spread of fire and smoke in ships, the White Paper says that a number of design changes were being introduced to reduce this hazard in new ships.

Aircraft

Over 1,100 combat air patrol missions and 90 offensive support operations were flown by Sea Harriers and 125 ground attack and tactical reconnaissance sorties by Harrier GR3s. These aircraft had shown themselves to be flexible, robust, reliable and effective. The Sea Harrier had been more than a match for Argentine conventional fixed-wing aircraft, with 20 confirmed and 3 probable kills, of which 16 and 1 respectively were attributable to Sidewinder AIM 9L missiles. Six Sea Harriers were destroyed, of which two were lost to enemy fire, and three GR3s were lost to enemy ground fire. To give them greater endurance and more offensive power, Sea Harriers are being equipped with larger drop tanks, and four rather than two Sidewinder missiles.

The Nimrod maritime patrol aircraft was given a simple and effective air-to-air refuelling facility and 16 aircraft have been modified in this way. This, with the addition of improved navigation equipment and a variety of weapons, has greatly enhanced the aircraft's capability. A total of 34 Nimrods are to be modified to enable them to carry anti-shipping and air-to-air missiles. Their Searchwater radar enabled crews to monitor shipping at long range, outside missile engagement zones of possible enemy warships, and this radar is being further developed.

Nearly 200 helicopters were employed in the operation. After the loss of three Chinooks and six Wessex in the *Atlantic Conveyor*, there was a shortage of helicopters to support the ground forces, though the Chinook's capability was fully demonstrated. In addition, helicopters were heavily committed to anti-submarine and anti-surface vessel warfare, logistics, search and rescue, casualty evacuation and reconnaissance. The Lynx helicopter performed well and the Sea King Mk 4, with its ability to carry large internal and external loads, was particularly useful. Of the army helicopters, the Gazelle, designed for use in reconnais-

sance, proved vulnerable to ground fire and ways of minimising this are being assessed.

Air Defence

The battle for air superiority was vital to the success of the campaign, says the White Paper. The task force had been faced with an efficient land-based air force of over 200 Argentine front-line aircraft, Sea Harriers had been outnumbered by six to one, and there had been a shortage of fighter aircraft and a lack of airborne early warning aircraft. However, a mixture of electronic detection systems, fighter aircraft, medium- and short-range air defence missiles, electronic counter-measures, medium calibre guns, rapid firing guns and hand-held missile launchers had destroyed a confirmed total of 72 enemy aircraft and a further 14 probables. 'By the time of the final assault on Port Stanley, the Argentine air force had been effectively neutralised as a fighting force.'

Both the Sea Dart air defence and Sea Wolf point defence weapons had performed well. On the threat posed by the sea-skimming missile, Exocet, the White Paper observes that counter-measures were available to the task force, additional electronic and other measures being very quickly devised and deployed to the South Atlantic. Chaff was extensively and successfully used. For the future, an improved Sea Wolf system will have an all-weather capability against low-level missiles, and electronic counter-measures on ships will be improved. Point defence systems (the US Vulcan-Phalanx gun) have been installed on two carriers, which are also being equipped with their own airborne early warning capability (see p 11).

The White Paper says that the land-based Rapier air defence missile had performed well despite being exposed to the rigours of a long sea voyage and being without its second-line support. It shot down 14 Argentine aircraft and probably six others. The Blowpipe point defence missile system, designed to be operated and carried limited distances by one man, 'was used extensively against fast crossing targets for which it was not designed, and subjected to far rougher handling than it had been designed to withstand'. Nine enemy aircraft had been brought down by it plus a further two probables.

Land Warfare

Most of the equipment used by land forces withstood the rugged treatment it received on the Falklands. The tracked combat reconnaissance vehicles, Scorpion and Scimitar, performed very well in boggy conditions, and the 105-mm light gun, the main artillery support for ground forces and deployed mainly by helicopter, performed excellently. Self-loading rifles and general purpose machine-guns proved effective as did the 81-mm mortar. Anti-armour weapons such as Milan were very effective against strong defensive positions. The White Paper points out that a requirement was demonstrated for more night fighting equipment and that a number of shortcomings were identified in clothing and personal equipment. Replacement of some of these items was already under way.

Air-to-Ground Warfare

The inability of Vulcan bombers to close the runway of Port Stanley airport for more than a short period had underlined the need for an advanced airfield attack weapon such as JP 233. Similarly, although combat aircraft were quickly fitted with chaff and flare dispensers, the lack of defence suppression weapons to attack enemy radars exposed the Harriers to heavy and accurate ground fire. Vulcan attacks were made on radars close to Port Stanley, using the Shrike anti-radiation missiles, with some success. The campaign also exposed the limitations of the traditional method of forward air control of close air support operations; in the later stages target marking from the ground was used to enable laser-guided bombs to make direct hits on their targets. The campaign was handicapped by the absence of overland air reconnaissance, the lack of precise information on enemy dispositions presenting an additional hazard to ground forces. The potential of air-launched sea-skimming missiles had been shown and a number of Nimrod aircraft had been equipped with the Harpoon anti-ship missile. The advanced Sea Eagle missile, which has a longer range than Exocet, is to be acquired by British forces.

Procurement

The White Paper records that during the campaign a wide variety of military needs were met against very tight time-scales, demonstrating the value of a broadly based national defence industry and the benefits of in-house research. 'New operational demands were satisfied in record times through the ready availability of a broad spectrum of scientific and engineering expertise in the Ministry of Defence research establishments and the comprehensive resources of the United Kingdom's defence industry.' The task force's capabilities had been enhanced by the accelerated introduction into service of HMS *Illustrious*, HMS *Brazen*, and weapons such as the Sea Skua anti-ship missile; the rapid adaptation of Vulcan, Hercules and Nimrod aircraft for air-to-air refuelling; and the invention, production, proving and delivery in record time of much equipment, including man-portable radar jammers (10 days from order to delivery).

Logistics

The logistic support for the campaign was a major success, comments the White Paper. Despite lines of communication which stretched half-way round the world, the task force rarely lacked essential supplies, and equipment and spares were maintained at high levels of availability. The task force was equipped and dispatched in a remarkably short time, reflecting the high state of readiness and training of all three services.

Four lessons stood out. First, rates of usage, particularly of ammunition, missiles and anti-submarine weapons, were higher than anticipated. Secondly, the level of logistic support maintained for 'out-of-area' operations needed to be considered: since the late 1960s there had been a

steady reduction in the services' ability to support large forces outside the NATO area and, although all the demands of the task force were met, this was only done by giving it first call on resources and by using some stocks earmarked for NATO operations. Thirdly, air-to-air refuelling was vital in supporting operations at long range: large-capacity strategic tanker aircraft were required to provide greater operational flexibility in the future.

The fourth lesson was the significant contribution that civil resources could make to a nation's strength in a crisis. The smooth and rapid implementation of contingency plans to use merchant shipping in support of the services had been a major success. The 45 ships taken up, from passenger liners to trawlers, 'provided vital support across the entire logistic spectrum'. Tankers carried fuel for ships, aircraft and land forces, liners and ferries transported troops, and cargo ships carried helicopters, Harriers, heavy equipment and stores. Other vessels were used as hospital ships, repair ships or tugs. All merchant ships were manned by volunteer, civilian crews, supplemented by small naval or Royal Fleet Auxiliary parties. In addition, civil air carriers supplemented the Royal Air Force Air Transport Service, transporting more than 350 tons of freight, including helicopters, to Ascension Island.

A working party of the Shipping Defence Advisory Committee is to examine ways in which merchant ships likely to be required in any future emergency might be designed, modified or equipped for possible use in support of the armed forces or for self-defence. The replacement for the *Atlantic Conveyor* will have militarily useful features involving principally a prefabricated helicopter flight deck.

Personnel

Manpower demands, notes the White Paper, were met almost entirely by Britain's regular forces and there was no general recall of reservists, with the exception of a selective call-out of a small number of naval reservists. Reserve forces could play an essential part in any war, and measures to increase their numbers, including the expansion of the Territorial Army, had already been implemented and other steps were being studied (see p 227, 1982).

The outstanding feature of the medical and casualty evacuation system was the dedication of doctors and medical staff in the field and on board ship. 'Casualties were in surgery within six hours or less and, as a result of this and the skill of our medical teams, over 90 per cent survived.' Extensive use was made of helicopters and hospital ships, and casualties were speedily returned to Britain by air. In all, 255 servicemen and civilians in the task force were killed and a further 777 injured; over 700 of the injured are now fully employed once more. In many cases injuries were not serious.

Prisoners of War

By the end of the campaign 11,400 Argentine prisoners of war had been taken, all of whom received adequate food, clothing and medical attention despite the considerable difficulties in handling so many prisoners. 'The procedures laid down in the Third Geneva Convention were followed as closely as possible, although many prisoners had to be accommodated in ships. The International Committee of the Red Cross judged this unusual step reasonable in the circumstances. The problems raised by handling prisoners of war will be given more emphasis in training and planning in future.'

Public Relations

The Government's firm objective from the outset was 'to provide as quickly as possible accurate information on developments in the diplomatic and military fields'. Frequent reports were made by ministers to Parliament and regular briefings were given to the British and international press, as well as to defence attachés. Overseas, British diplomatic missions, aided by the Central Office of Information, maintained an intensive effort to work with local media to present Britain's case fully and accurately and, where necessary, to counter Argentine misinformation. They also kept other governments informed of developments and canvassed support in foreign capitals and at the United Nations.

Without the support of the British people it would not have been possible to mount and sustain the operation, the White Paper emphasises. It had been vital also to retain the support of friends and allies abroad. There were, however, problems, for the need 'to delay or, in some cases, prevent altogether the publication of certain information on military operations caused considerable controversy at the time and continues to be the subject of widespread debate'. The release of public information had at all times 'to be consistent with the overriding dictates of national and operational security and the protection of the lives of the men and women of the task force in the South Atlantic'. Further factors were the need to ensure that, as far as possible, families were caused the minimum of distress, and the absence on some occasions of sufficiently detailed and up to date situation reports from the task force.

These matters deserve careful and considered analysis, and the Ministry of Defence has commissioned a study by University College, Cardiff, into the relationship between the media and the Government in a time of armed conflict. The Government would also take into account the results of the House of Commons Defence Committee's inquiry into the way the media were handled during the crisis.[1] The Ministry of Defence is discussing with the press the extent to which difficulties could be avoided in future. A special working party is to be set up to consider whether any new measures, including the introduction of a system of censorship, are necessary in order to protect military information immediately before or during an operation.

[1] *The Handling of Press and Public Information during the Falklands Conflict*. First Report from the House of Commons Defence Committee, Session 1982-83. Vol I. Report and Minutes of Proceedings. HMSO, £5·25. ISBN 0 10 276183 3. Vol II. Minutes of Evidence. HMSO, £15·10. ISBN 0 10 276383 6*.

FUTURE DEFENCE POLICY

The White Paper emphasises that the major threat to Britain's security comes from the Soviet Union and its Warsaw Pact allies. 'The remorseless growth in the size and sophistication of the Soviet armed forces, and the disposition of Soviet leaders to exploit their military power for political purposes – directly or indirectly – continue unabated. It is still in Europe that we and our allies face the greatest concentration of Warsaw Pact forces.' Britain's defence priorities remained the provision of an independent element of strategic and theatre nuclear forces committed to the Alliance, defence of the United Kingdom homeland, the maintenance of a major land and air contribution on the European mainland, and the deployment of a major maritime capability in the Eastern Atlantic and the Channel. The enhancement and modernisation of the forces devoted to these tasks had to have the first call on resources.

The 1981 White Paper, *The Way Forward* (see pp 195-7, 1981), however, had also drawn attention to the significance of threats posed to Western interests outside the NATO area. In countering these, Britain's forces play a part at three levels: providing military assistance and training to countries of importance to Western interests; making periodic deployment of British forces to demonstrate a presence, acquire experience of conditions outside Europe and exercise with the forces of allies and friends; and maintaining a capability to intervene unilaterally or with allies to protect British national interests or in response to a request for help from friendly countries. The last had been demonstrated effectively in the Falklands campaign.

The Falklands campaign had also shown that many elements of the armed forces had the basic characteristics of flexibility and mobility which made them well suited to respond to unforeseen challenges arising outside Europe. Plans had been made to enhance this capability before the Falklands emergency through the establishment of a stockpile of weapons, equipment and stores to support operations outside the NATO area without diverting NATO stocks, and the greater use of civilian assets to provide logistic and other support for the armed forces. Additions to the 5th Infantry Brigade include two parachute battalions, an infantry battalion and engineer support, and an armoured reconnaissance regiment; in the course of 1983 an artillery regiment, an Army Air Corps squadron and certain logistic support units are to be added. In addition, Hercules transport aircraft are to be earmarked for the brigade. Together with the amphibious capability of the 3rd Commando Brigade of the Royal Marines, these developments give British forces 'a greatly improved ability to respond to the unforeseen in a flexible and rapid way'. The two assault ships, HMS *Fearless* and *Intrepid*, proved their worth in the campaign and will remain an important element in Britain's amphibious capability.

Replacement of Equipment

The cost of replacing ships and other equipment lost, together with that of the campaign and that needed to maintain a substantial garrison in the Falkland Islands, is to be found from funds additional to those required for the planned 3 per cent increase in the defence budget until 1985-86. Major orders are to be made to replace:

1 The two Type 42 destroyers and the two Type 21 frigates destroyed in the conflict. Five Type 22 frigates will be ordered, one of which is not related to Falklands losses. Three of these ships will be of the new Batch III design equipped with the 4·5-inch gun and with added point defence capability.

2 The logistic Royal Fleet Auxiliary ship, *Sir Galahad*. Detailed design work on the new ship is in hand and it is expected that an order will be placed in 1983.

3 All lost Harrier aircraft and Sea King, Lynx and Chinook helicopters.

The Falklands Garrison

A sizeable garrison is to be maintained on the Falkland Islands for the foreseeable future and will include air defence radars, Phantom, Harrier and Hercules aircraft, Chinook and Sea King helicopters, Rapier air defence systems, an infantry battalion, and supporting arms. Nuclear-powered submarines, destroyers, frigates, Sea King helicopters and patrol craft will be deployed in the South Atlantic; and the ice patrol ship, HMS *Endurance*, will be retained for service there.

Improvements in Armed Forces

In the light of the conflict and the need to defend the Islands without a major diversion from the armed forces' primary NATO role, further additions and improvements to British forces are to be made. These include:

1 The purchase of wide-bodied tankers to increase the capacity of the Royal Air Force's tanker force; they will also enhance strategic mobility given their ability to carry large numbers of troops and heavy equipment.

2 The purchase of at least 12 Phantom aircraft to form a squadron for the air defence of Britain and to replace the Phantom FGR2 aircraft committed to the South Atlantic.

3 The purchase of 24 additional Rapier fire units for the Army and the Royal Air Force.

4 The purchase of five more Chinook medium-lift helicopters in addition to the three replacements.

5 An increase in the previously planned number of front-line destroyers and frigates. Under these plans up to four ships would have been placed in the stand-by squadron by 1985. These are to be retained in the running fleet and front-line numbers will be about 55 at 1 April 1983 and 1 April 1984.

6 The provision of point defence for the aircraft carriers HMS *Invincible* and *Ark Royal*, the assault ships HMS *Fearless* and *Intrepid*, the destroyer HMS *Bristol* and all Type 42 destroyers.

7 In addition to replacement of battle losses, the purchase of seven Sea Harrier aircraft and six Sea King anti-submarine warfare helicopters.

8 The purchase of Searchwater radar and associated avionics equipment for Sea King helicopters in order to equip each of the operational carriers with their own airborne early warning capability.

9 A substantial increase in the number and range of items in the stockpile of ammunition and stores intended to support operations outside the NATO area. Additional stocks of ammunition and other equipment are being procured for basing in the Falkland Islands.

10 Two aircraft carriers are to be available for deployment at short notice and a third carrier will be maintained in reserve.

Conclusion

In conclusion the White Paper says that the lessons of the Falklands campaign do not invalidate policies adopted following the 1981 defence review (see pp 195-7, 1981). The campaign confirmed that 'the British people and their Government have the will and resolve to resist aggression and the fortitude to withstand setbacks and casualties'. Britain and its NATO allies could draw confidence from this since the deterrent posture of the NATO Alliance as a whole had been strengthened.

PARLIAMENTARY DEBATE

Statement by Defence Secretary

In his speech to the House of Commons on 21 December (*Hansard*, Vol 34, No 35, cols 847-923), the then Secretary of State for Defence, Mr John Nott, discussed the broader implications of the experience of the Falklands campaign on Britain's defence policy, in particular the demand from some quarters for a change in policy that would shift the emphasis away from the principal focus on Europe towards a wider world role. According to this view Britain should make a smaller military contribution in Europe and place more emphasis on its maritime role and its ability to act outside the NATO area.

The NATO Alliance

Mr Nott pointed out that the present size and disposition of Britain's forces were the result of events in the post-war world and, in particular, the development of the NATO Alliance. He accepted that if the Government could start afresh 'the natural Alliance role of the British Army on the continent of Europe would probably be in the provision of a highly mobile armoured reserve, with shorter lines of communication to the United Kingdom and greater flexibility than is provided to us by our NATO task of forward defence on the East German border'. This counsel of perfection, however, was not open to Britain since defence policy was not dictated solely by military criteria but 'overwhelmingly by the politics of the Alliance'. In 1981, for instance, Britain contributed 9 per cent of total Alliance defence expenditure primarily on the defence of Europe; or, put another way, Britain's allies contributed 91 per cent of defence expenditure relevant to the defence of Britain, the United States providing more than half of the total. Changes in British defence policy, therefore, had to be judged against the fundamental question of whether they would help or hinder the Alliance given that its cohesion represented 90 per cent of Britain's defence. The prime duty of the Government, stressed Mr Nott, was to defend the British people.

Overseas Commitments

Noting that Britain had residual responsibilities for the defence of its remaining dependencies, including the Falkland Islands, Gibraltar and Hong Kong, Mr Nott said that there were also a number of obligations arising from agreements with friendly states or with the United Nations, for example, in Brunei and Cyprus. It also had a duty to protect British citizens around the world and, if necessary, to evacuate them in a crisis, and had world-wide economic and trade interests. 'The scope and reach of our commitments – although reduced in recent years – remain extensive', Mr Nott said. He also recognised the unique part that only the Royal Navy could play in projecting a British presence around the world and the need for a significant surface fleet with its own air support and early warning facilities. This justified the replacement of all four ships lost in the Falklands campaign with the best that money could buy.

Britain, however, could no longer afford to be the policeman of the world. 'We have no choice except to be ruthless in deciding our priorities . . . the strategy must come first and the programmes of the Royal Navy, Army and Air Force must be tailored to fit that strategy – not vice versa. The size and shape of our forces must primarily reflect the challenge from Soviet technology in Europe and the East Atlantic.'

Maritime Forces

The Falklands campaign had shown the vulnerability of surface ships to modern missiles, and this was likely to remain a major problem as the 1980s progressed. The Soviet Union had 2,000 submarine- and air-launched missiles, including the most up-to-date stand-off systems. Britain, therefore, had to continue the gradual shift away from the surface fleet into maritime air forces and submarines; introduce smaller, less expensive and less vulnerable ships; and not exaggerate the role that carriers could play in a NATO context. While around 55 destroyers and frigates could be maintained over the next two or three years, the number would inevitably decline to about 50 beyond the mid-1980s, and this would be necessary to accelerate the shift towards submarine and maritime air forces.

Central Europe

'It is here in Europe', Mr Nott continued, 'that we face the overwhelming preponderance of Soviet forces, and it is only here in Europe that we can be brought to our knees by military means. Accelerating Soviet technology forces us to adapt and change our traditional attitudes and programmes, and if it is true that an attack on the central front is not likely in present circumstances, it is simply because it is there that we are best, albeit inadequately, prepared to meet it. The

premise that because deterrence works we can afford to relax it, whether it be on the central front or anywhere else, is a dangerous doctrine.' In military terms the British Army of the Rhine and RAF Germany, integrated into the early warning, ground air defence and air combat capability of Britain's allies, were situated 'in the right place for the forward defence of Britain'. The first line of defence for the British people was in the territory of its allies.

Strains in the Alliance

Acknowledging the existence of strains within the Alliance, the Defence Secretary said that these were rooted 'in a basic difference of view between the Americans and many Europeans about how to deal, politically, economically and militarily, with the Soviet Union'. They had not been helped by 'an apparent consensus among different groups in the United States, arrived at from a mixture of motives, that the United States should devote less to the defence of Europe and more to its interests in the rest of the world'. In addition there was the growth of anti-nuclear sentiments in Western Europe – provoking what was perceived to be anti-Americanism in Europe – and also a period of sustained and severe economic recession with all the divisive influences that such recession generated. Mr Nott continued: 'At a moment when the Alliance is passing through the strains that I have described . . . and with concern expressed about the pressure on the United States to deploy more of its troops to an out-of-area role, nothing could be more damaging to our national interests than a move by Great Britain to reduce its commitment on the continent of Europe.'

A partial United States withdrawal from the defence of Europe, Mr Nott said, could bring about a more determined European attempt to arrive at a collective security arrangement among the European members of the NATO Alliance. More possibly, it could 'fan pressures by neutralist groups within Europe to seek closer accommodation with the Soviet Union'. While he was in favour of détente, he considered that a shift among the European allies towards greater political and economic integration with the Communist bloc 'would seriously disturb the current balance of power in Europe against the interests of the United Kingdom', whose constant preoccupation through the centuries had been to maintain that balance.

Britain's Role in NATO

To those who argued for a rationalisation of and a reduction in Britain's roles in NATO, Mr Nott said that Britain, as a sovereign nation, could not afford to abandon any of its major sea-air and land-air capabilities; nor could it abandon its defence against nuclear blackmail in a world of nuclear weapons. Moreover, with the planned 3 per cent real growth in defence expenditure until 1986, Britain could afford to maintain all its present defence roles as long as it resisted the temptation to add to the equipment programmes already agreed. Beyond 1986, while equipment cost escalation could always cause problems, the Government had been very careful not to overprogramme in the longer term.

Although he believed that Britain had the right strategy in maintaining its four roles, Mr Nott was not satisfied with every aspect of its defence arrangements. The major weakness was its capacity to defend the United Kingdom base. 'These islands are in a crucial position as the unsinkable aircraft carrier of the Alliance, the route through which American reinforcements would come in the event of conflict, and as the key rear base of European NATO. The defence of the United Kingdom base is the only part of our conventional distribution which is relevant to every possible defence policy option. Together with our independent nuclear forces, it is the core of our national strategy, and although we have already taken the significant steps to improve our home defences it is right here that more needs to be done.'

Threats to Britain

The first threat to the United Kingdom base, noted Mr Nott, came from the accelerating Soviet programme for long-range conventional bombers capable of carrying huge loads of conventional munitions and increasingly likely to have the range and stand-off capability to devastate key towns and military targets in Britain. Measures were required to strengthen Britain's air defence. Those already taken included the Nimrod airborne early warning programme, the introduction of the Tornado air defence version and the improvements to the air defence ground environment. As a back-up force, Hawk aircraft had been equipped with Sidewinder and Bloodhound missiles. The key decision for the future would be whether Britain could afford to increase the numbers of Tornado air defence aircraft and, at the same time, build a more agile combat aircraft. In his opinion, Mr Nott continued, an aircraft was required that could both sustain itself on patrol over the North Sea for long periods by air-to-air refuelling and have the ability to hit approaching Soviet supersonic aircraft before they release their stand-off missiles at the United Kingdom and its targets. Such aircraft would also be available for the defence of the British fleet at sea. The need to sustain air defence aircraft for long periods on patrol was a principal reason why the Government had ordered six Tristar aircraft for air-to-air refuelling.

The second threat, said Mr Nott, could come from small groups of Soviet forces targeted against key points in Britain. 'Another area for greater concentration in the future must therefore be the development of the home defence force and a further build-up of our territorial reserves. We have made a start in that direction, but we need to accelerate this programme.' There needed to be a shift in the Army equipment programme towards providing more mobility for home defence forces and for British Army on the Rhine reservists by the provision of a simple armoured vehicle, further additions to the medium helicopter fleet and a move towards creating more air-mobile reserves.

Another important area was 'the defence of the Channel, the protection of [its] ports and the

problems of counteracting Soviet mining and conventional submarines in shallow water right round [Britain's] shores'. There was a need for more trawlers for the Royal Navy reserve, an improvement in Britain's counter-mining capability, and a large offensive mining capability to protect the sea lanes in and out of Britain.

Conclusion

Concluding, Mr Nott said that Britain had to plan for a force structure primarily geared to its NATO roles on the continent and in the East Atlantic. At the same time, more emphasis needed to be placed on the defence of the United Kingdom base. The measures set out in the White Paper would increase the flexibility and mobility of Britain's NATO forces, enhance the combat effectiveness of the Royal Air Force, and at the same time provide, if needed, a sufficient out-of-area capability within Britain's means. The measures announced in the White Paper were also right for the defence of the Falklands.

Referring to the lessons of the Falklands campaign, Mr Nott pointed out: 'In the last resort, we have learnt the lesson that matters more than any other. It is that if deterrence fails, the loss of life and expenditure of money are out of all proportion to the insurance needed to prevent that. We have learnt, too, that at the point of decision in battle men count more than machines. Many tributes have been paid to all those British people who played a part in the Falklands campaign, both military and civilian. What that campaign showed us was that we have the skill and the courage to continue to play a key role within the Alliance . . . Our room for manoeuvre in choosing new directions is constrained, for without the cohesion of the Alliance, the British people would be in grave peril.'

Opposition View

The Opposition spokesman on defence, Mr John Silkin, said that the biggest single lesson of the Falklands conflict was that it was an unnecessary one which the Government had failed to prevent. It had not been difficult to see the direction events were taking in early 1982. General Galtieri's regime 'openly said what it intended to do' and the Ministry of Defence 'should have been most aware of the dangers'.

Commenting on the technical lessons of the conflict, Mr Silkin welcomed the development of organic airborne early warning and point defence weapon systems as a method of reducing significantly the threat to surface warships from Exocet-type missiles and bombs. Another laudable move was the replacement of lost Harriers and their strengthening with additional, more advanced, Sidewinder missiles. The Opposition recognised the merits in boosting the 5th Infantry Brigade's capacity to conduct airborne operations and to enhance the RAF's tanker fleet. Extra Phantoms and Rapier units were needed if Britain's air defences were to be maintained.

On naval policy Mr Silkin said that the Government had not renounced the ultimate objective of reducing to 42 the operational escort fleet of destroyers and frigates available to NATO. It was wise for the Government to increase the ability of the armed forces 'to respond to the unforeseen by developing a United Kingdom rapid deployment force that [was] able to function outside the NATO area', but this would require 'reinforcement and resupply on a scale that could be conducted only by sea and would thus demand services of an adequate surface fleet with its own air defence'. Moreover, since Britain contributed about 70 per cent of NATO's anti-submarine war effort in the North Atlantic, this role could not be filled properly without an effective surface fleet backed up by support facilities ashore.

Concluding, Mr Silkin said that, although the bill for conventional weapons would be higher as a result of the conflict, nothing had been done to deal with the fundamental problem that the costs of the four roles referred to by the Secretary of State would 'inevitably run ahead of the resources available'. This was the dilemma inherent in a defence programme in which Trident missiles costing £10,000 million had an overriding priority.

Falkland Islands

The Government's response to the Shackleton report's recommendations concerning the development of the Falkland Islands was given in the House of Commons on 8 December 1982 by the Foreign and Commonwealth Secretary, Mr Francis Pym. A debate on the report took place in the House on 22 December 1982.

Foreign Secretary's Statement

In his statement of 8 December (*Hansard*, Vol 33, No 26, cols 859-68) Mr Pym said that in considering Lord Shackleton's recommendations (see pp 321-3, 1982) the Government had been guided 'by the need to assure the economic future of the Islands through a development programme, while at the same time preserving the Islanders' way of life as far as possible'. The report had been discussed with the Islanders and other interested parties and their views had been carefully taken into account.

The Government agreed with the report's broad conclusions and was ready to support action by the Falkland Islands Government in the following main areas:

a The establishment of a Falkland Islands Development Agency to buy land on the open market, to divide it into smaller holdings, and to make loans and grants towards the cost of a number of small-scale development projects.

b The expansion of the Islands' agricultural research centre (the Grasslands Trials Unit).

c A feasibility study on an improved harbour complex, including a new deep-water jetty.

d Completion of the road from Port Stanley to Darwin.

e The establishment of a pilot scheme for salmon ranching and a survey of shellfish

resources, the upgrading of hotel and guest-house facilities, and the development of cottage industry skills.

Urgent action was also required to improve the water supply and sewerage system in Port Stanley and to study requirements for future electricity generation and distribution, and for the Islands' telephone system. Further study was required, however, on Lord Shackleton's proposals on exploratory offshore fishing and the establishment of a 200-mile fishing limit, and on the expansion of tourism, which would depend to a large extent on commercial air links.

Lord Shackleton's proposal for the wholesale transfer and sub-division of absentee-owned farms was inappropriate, Mr Pym said; the Government considered that a gradual approach to land redistribution under the auspices of the Falkland Islands Development Agency 'would be more in keeping with the capacity of the Islands' existing agricultural population and more consistent with realistic immigration prospects.' Nor was the Government convinced of the need for a major expansion of the road network and was looking at more cost-effective ways of improving transport within the Islands, in particular by improving the existing network of roads and tracks.

The programme he had outlined, Mr Pym estimated, would cost about £31 million over six years. The Government also proposed to make £5 million available for civilian rehabilitation in addition to the £10 million announced in July.

Mr Pym stressed that the Islands' economic future did not depend on the Government alone since there was continuing scope for private sector investment and involvement. The Foreign Secretary concluded: 'We have restored the freedom of the Falkland Islanders and shall continue to do what is necessary to guarantee their future security. As Lord Shackleton has reminded us in both of his studies, the economic development of the Islands will ultimately depend upon the degree of local commitment to the future of the Islands. For our part, we shall do all that we can to enable the Islanders to look forward to a sound economic future and a worthwhile life.'

PARLIAMENTARY DEBATE

Opening the debate the Minister of State at the Foreign and Commonwealth Office, Mr Cranley Onslow, told the House of Commons on 22 December (*Hansard*, Vol 34, No 36, cols 976-1044) that the Government intended to remain in close touch with Lord Shackleton and the members of his team over the implementation and, where necessary, further consideration of his recommendations.

Reconstruction and Rehabilitation

Before commenting on the various elements of the development programme, Mr Onslow referred to the progress of reconstruction and rehabilitation of the Islands. The physical problems faced by Britain at Port Stanley after the Argentine surrender had not been as severe as feared. Most of the houses and other buildings had survived intact although seven were wholly destroyed, 20 were completely uninhabitable and a further 167 had suffered varying degrees of damage. The problems of maintaining food and fuel supplies, essential services, medical treatment and internal telecommunications had been very real and had been made more difficult by severe winter conditions. Following the return of the Civil Commissioner on 25 June, a joint committee had been set up by the civilian and military authorities to oversee co-operation on rehabilitation, similar machinery being established in London in the form of an interdepartmental committee.

In July, the Government had made an initial allocation of £10 million towards rehabilitation, orders being placed for large quantities of building materials, fuel, equipment, tools, vehicles and other supplies. Steps had been taken to replace stores and equipment destroyed during the conflict, and replacement aircraft had been ordered for the Falkland Islands Government air service, whose fleet had been destroyed. In addition, the Overseas Development Administration had recruited 34 new personnel for the Falkland Islands Government, a number for senior government positions. A compensation scheme had been set up to provide prompt and adequate repayment to all civilians who had suffered damage, loss or injury. Some 400 claims had been settled and £2 million paid out. Although it would be some time before final claims were met, Mr Onslow said, the scheme had 'proved a swift and effective means of making good the material damage and losses caused by the conflict'.

Much of the early rehabilitation had been undertaken by the armed services, which had shown 'considerable ingenuity' in reinstating essential services, like the water supply and the power station, and in clearing the deadly threat of booby traps and mines and other abandoned ordnance in the immediate area of Port Stanley. In addition, private landowners had assisted in rehabilitation; the Falkland Islands Company, for instance, had bought equipment worth £500,000 to repair and replace its losses without waiting for the settlement of its compensation claims. The work done on essential services, however, was very much a first-aid operation designed to meet immediate needs. The Government, therefore, had allocated an extra £5 million to tackle long-term rehabilitation tasks, notably the more permanent reconditioning of essential services such as the road system in Port Stanley, the water supply, the power system and internal telecommunications. Major remedial work on the roads in Port Stanley and the road to the airport had to be tackled before the onset of the next Falklands winter.

Social Services

Mr Onslow said that medical services in Port Stanley were under strain. The King Edward VII Memorial Hospital was now serving military and civilian needs and the number of civilian beds available had been severely reduced. The medical staff were under severe pressure and the Government was considering whether this could be relieved through the provision of extra administrative support. 'In the longer term, we shall have to

work out the most effective way of handling both civilian and military needs, and this may well require the building of a larger hospital to cover both requirements.'

The education service had also been affected. Most secondary education was conducted in Port Stanley, where a new boarding hostel, intended for children from the country areas, was now serving as the headquarters of the British forces on the Islands. The Falkland Islands Government had made arrangements to rent accommodation from the Falkland Islands Company for boarding pupils and this would be expanded by the use of portable cabins or mobile homes in the grounds. Once these arrangements were implemented attention would be paid to the best way of providing permanent facilities. At primary school level there was an acute shortage of the travelling teachers who were an essential part of the education system outside Port Stanley, and it was hoped to find new staff to make the service fully operational for 1983.

Communications

The Government fully accepted the need to provide a better airfield on the Islands, Mr Onslow said, and studies were in progress to identify the best site and likely cost. Air links with the South American mainland, however, although highly desirable, were not absolutely crucial for Britain's plans for the future development of the Islands. The established way of moving goods to and from the Falklands had always been by sea, and Port Stanley was now enjoying a much more frequent shipping service than before the conflict. This would continue for the moment to be the channel for supplies and the means of access by families and by routine travellers. Mr Onslow added, however, that Britain was continuing to pursue the possibility of establishing sea and air links with the mainland at an early stage.

Development Agency

The establishment of a Falkland Islands Development Agency, Mr Onslow said, required local legislation, and the Islands' newly appointed Attorney-General was drafting this. The Agency would be accountable through the Falkland Islands Government to the British Parliament and Government. Its function would be 'to manage revenue-earning projects within the new development programme, and to provide grants and loans for suitable projects'. It would have powers to buy and sell land, have a budget for small development projects, be responsible for work on expanding tourism, and handle negotiations with commercial interests wishing to invest in the Islands. Mr Onslow added that a development officer had been appointed.

Land Purchase

Lord Shackleton's recommendation that the bulk of land owned by absentee landlords should be transferred to local ownership and broken up into smaller units, Mr Onslow continued, was not necessarily the best or the only way of ensuring that agricultural profits were reinvested in the Islands. It was possible to achieve this by fiscal means. Moreover, many of those involved in farming on the Islands had doubts about the proposals, including whether the Islands had enough people ready to farm on their own to cope with a large-scale programme of land purchase and sub-division at this stage. There was also evidence that many farm employees were concerned that wholesale sub-division would drastically reduce the scope for the employment of wage-earners in farming. Many farm managers and employees also feared that sub-division would ruin the social benefits of the present pattern of settlement. It had also to be recognised that some of the absentee-owned farms, such as those of the Falkland Islands Company, were among the most efficient and productive on the Islands.

Against this background, explained Mr Onslow, the Government had concluded that the Falkland Islands Government could purchase land that might become available on the open market and that the new development agency should be empowered to carry out that work.

Agriculture

The Government had accepted Lord Shackleton's recommendation that a system of agricultural grants and subsidies should be introduced. These would be geared both to helping farmers who might take on sub-divided units that become available and to encouraging existing farmers to improve their land, whether it be by reseeding, the introduction of electric fencing, shelter belts, improving breeding stock, or investing in new machinery or buildings.

On other recommendations, Mr Onslow said that the appointment of an agricultural officer was a priority. Steps were in hand to recruit more specialist staff and to replace and expand the equipment of the Grasslands Trials Unit (which would also be renamed).

Fishing

Mr Onslow said that discussions with the European Investment Bank about funding the next stage of work on prospects for salmon ranching were at an advanced stage, and he expressed the hope that commercial interests would examine the possibility of participating. The Government was also prepared to fund a study of the prospects for the development of shellfish and other inshore resources.

Dealing with Lord Shackleton's recommendation that government funds should be allocated for offshore fishing projects, Mr Onslow took the view that, if these fisheries were worth developing, commercial companies would come forward with proposals. Although foreign freezer trawlers fished from time to time in waters around the Falklands, there had hitherto been no concerted effort to develop fishery resources for the benefit of the Islanders. The Government, however, had been approached by a number of British and foreign firms interested in exploiting the offshore waters, these including self-financing proposals for trial fishing.

Proper development of these resources could, however, only be achieved when protected fisheries were exploited under licence, and Lord

Shackleton had suggested the establishment of a 200-mile fisheries limit to achieve this. Mr Onslow added: 'Even before the Argentine invasion, and leaving aside the problem of sovereignty claims over offshore waters, the major constraint on declaring such a limit was the high cost of establishing an effective policing arrangement . . . when viewed against the level of potential benefits from licensing and conservation . . . . Our forces in Falkland waters, while well able to carry out their military tasks within the 150-mile protection zone, are not suitable for conventional fisheries policing and protection duties because these would require the stationing of a large number of offshore patrol vessels with a boarding capability. To do this would deflect from the primary role of the frigates and destroyers deployed.' It would, therefore, be necessary to look carefully at other ways in which the need for fisheries surveillance and protection could be met to provide a commercially acceptable proposition before contemplating the establishment of a fisheries limit. The Government would continue to study this question and Mr Onslow hoped that it would not be too long before conclusions were reached.

Infrastructure

The precise location and design of a new multi-purpose jetty at Port Stanley needed to be based on a professional survey, and the Government was ready to engage consultants for this. Mr Onslow hoped that the field work could be undertaken in early 1983 and that the construction phase could commence in the 1983-84 summer. The estimated cost was £7 million.

The Government also expected work to be continued on the partially constructed road from Port Stanley to Darwin and, in the light of progress, was prepared to consider engaging a contractor to complete it. It was not convinced that the case for a much more elaborate road network had yet been made. There seemed little prospect of enough traffic to justify the investment, while maintenance costs would be a heavy burden on the Falkland Islands Government. Before there was any commitment to expenditure on additional roads, more work was required on the other possibilities for communications between the main settlements by sea and in particular by air.

Immigration

Mr Onslow explained that, as a result of the development programme and the impact of the garrison on the Islands' economy, there was an obvious need for more skilled and enterprising men and women to respond to a wide variety of opportunities. Although practical considerations, in particular the severe shortage of accommodation in Port Stanley, imposed an inevitable constraint on immigration, a large number of applications for immigration had been made. The Falkland Islands Government was responsible for immigration and in 1983 it hoped to establish an office in London which would have as a first priority the task of identifying suitable settlers from among the applicants.

Opposition Views

Speaking for the Official Opposition, Mr Clinton Davis said the Government's approach to land reform was tentative. There was no alternative to sub-division into a large number of family farm units if the decline in the Islands' population were to be halted. The Falkland Islands Company, he continued, owned 43 per cent of the land, employed one-third of the workforce, owned about half the 600,000 sheep, provided all the shipping to the Islands and owned the main retail outlet. It had taken more from the Islands than it had put in, and a radical approach was required to deal with the 'almost feudal system' this situation represented. There was evidence that land reform was supported by Islanders and that sub-division could lead to a substantial increase in production and productivity. As for air communications, Mr Davis said that these could only be viable if there was a link with the mainland, and the Opposition wanted to know what the Government's long-term thinking was on this matter. The survival of the Islands depended substantially on effective communications.

Mr Davis also pointed out that the continuing Argentine threat could undermine efforts designed to bring new hope to the Islanders. He considered it the Government's duty to do its best 'to defuse the tension and to be seen to be prepared to examine political solutions capable of bringing to the Islanders far greater security than we can ever offer in isolation – a security backed by international acceptance, perhaps through some new form of United Nations trusteeship'.

The Liberal Party spokesman on foreign affairs, Mr Russell Johnston, expressed disappointment at the Government's slowness in reaching a decision on the Islands' communications, which everyone agreed was vital, and on its hesitant response to Lord Shackleton's proposals on land reform. He also emphasised the need for a stable, secure background to development and said that the Government should continue to act within the United Nations to see whether any agreed arrangements could secure the Islanders from interference in their established way of life.

Mr Eric Ogden, speaking for the Social Democratic Party, welcomed Lord Shackleton's report and the Government's response to it. Britain needed to provide the Islanders with the means and finances to take their own decisions about their economic development at their own pace. There was also a need for a much more democratic and effective system of government in the Islands and for the Falkland Islands Government and people to have their own office in London. Mr Ogden saw nothing wrong in the report's view that the Government should take over the freeholds and let the land to the Islanders over a period.

Government Reply

Replying to points raised in the debate, Mr Onslow said that it had not been established that small farms were likely to be more profitable. Moreover, on 16 December the Islands' Legislative Council had endorsed the proposed gradual approach to

land transfer embodied in the British Government's decisions: 'The Falkland Islands Council did not endorse the wholesale purchase and sub-division of land. It decided that the gradual approach that we proposed ... was the path down which it wished to go. That is the latest, the best and the most accurate test of Island opinion that we can quote.'

Commenting on communications, Mr Onslow said that the Islanders were not unused to isolation and would not be put off developing the Islands simply because there was no established air service to the South American mainland. If resolution and fairness were shown, such links would emerge in the natural course of events.

Concluding, Mr Onslow said that Britain wanted to give the Islanders security and the opportunity to run their own lives and to develop greater confidence and independence in their own time and way.

North Atlantic Treaty Organisation

The North Atlantic Council, meeting in Brussels in December 1982, reaffirmed the need to preserve Western security through the maintenance of nuclear and conventional forces adequate to deter aggression. The importance of the presence of North American forces on the European continent and of the United States strategic nuclear commitment to Europe was stressed. Emphasising their commitment to arms control and disarmament and to the development of East-West dialogue, Council members called upon the Soviet Union to respond to Western proposals for agreements on reducing nuclear and conventional forces and on enhancing European security. On Afghanistan, the Council urged the Soviet Union to accept a political solution based on the withdrawal of Soviet forces and respect for the independence and sovereignty of Afghanistan.

The meeting of the Council, which is the highest decision-making body and forum for consultations within the North Atlantic Treaty Organisation (NATO), was preceded by those of the Defence Planning Committee and the Nuclear Planning Group and by a meeting of the Eurogroup.

NORTH ATLANTIC COUNCIL

The following is the communiqué issued after the Council meeting (headings added):

The North Atlantic Council met in Ministerial Session in Brussels on 9 and 10 December 1982 and agreed as follows:

The Atlantic Alliance, based on the ideals and values of democracy, has through its strength and cohesion succeeded in preserving peace and independence for the free and equal members of this partnership. On this solid foundation, the heads of State and Government reaffirmed at their meeting in Bonn on 10 June 1982 the Alliance's policy of a strong defence and of East-West dialogue [see pp 231-3, 1982]. *Moreover, they set forth their Programme for Peace in Freedom, emphasising their resolve to develop substantial and balanced East-West relations aimed at genuine détente based on the effective application of the principles and provisions of the United Nations Charter and the Helsinki Final Act.*

The Soviet Union

The Allies will maintain a firm, realistic and constructive attitude towards the Soviet Union on the basis of mutual acceptance of the principles of restraint and responsibility in the conduct of international affairs. They desire to improve relations with the member states of the Warsaw Pact and to extend areas of co-operation to their mutual benefit.

The Allies look to the Soviet leadership for tangible evidence that it shares their readiness to act in this spirit. They expect the Soviet Union to honour its obligations and to show respect for the sovereignty and independence of other states. In face of the continuing and massive Soviet arms build-up, the legitimate security concerns of the Allies remain and must be recognised. But the Allies are open to all opportunities for dialogue, will welcome any positive move to reduce tension, and desire, if Soviet attitudes allow, to co-operate in rebuilding international trust.

Poland

The violations in Poland of the Helsinki Final Act and of the Conventions of the International Labour Organisation, in particular by the banning and dissolution of trade unions including Solidarity [see pp 7-12, 1982], *continue to cause the gravest concern.*

The Allies call upon the Polish authorities to abide by their commitment to work for national reconciliation. Recalling their declaration of 11 January 1982,[1] *the criteria of which are far from being fulfilled, the Allies have noted the recent release of a number of detainees and continue to follow closely developments in Poland, including possible relaxation of military rule. They emphasise that in this regard the actions of the Polish authorities will be judged by their practical effects. The Allies consider that the improvement of relations with Poland depends on the extent to which the Polish Government gives effect to its declared intention to establish civil rights and to continue the process of reform. Freedom of association and the rights of workers to have trade unions of their own choice should not be denied to the Polish people. The dialogue with all sections of Polish society must be resumed. The Allies call on all countries to respect Poland's fundamental right to choose its own social and political structures.*[2]

[1]The Greek delegation recalled its position on various aspects of this declaration.

[2]The military regime in Poland suspended martial law on 31 December 1982, although some important martial law practices have been made permanent. The former trade union Solidarity, which was suspended with other registered trade unions when martial law was imposed in December 1981, was dissolved under a new law in October 1982 (see p 353, 1982).

Afghanistan

In violation of the United Nations Charter and despite repeated calls from the General Assembly, the Islamic Conference and other international bodies, the Soviet Union continues its military occupation of Afghanistan in the face of determined resistance by the Afghan people. The Allies call upon the Soviet Union to accept a political solution which would bring an end to the sufferings of the Afghan people and allow the return to their homeland of over 3 million refugees who have been forced into exile. This solution must be based on the withdrawal of Soviet forces and respect for the independence and sovereignty of Afghanistan which would thereby be enabled to exercise its right of self-determination and to return to a position of genuine non-alignment.

NATO Defence

In unremitting pursuit of its military build-up, which has long passed the level required for defence, the Soviet Union is increasing its superiority in conventional arms and expanding its naval power. It is simultaneously strengthening its nuclear capability, particularly through the deployment of intermediate-range missiles. As stated in their Bonn Declaration, the Allies are left no choice but to maintain an effective military deterrent adequate to meet their legitimate security concerns in a changing situation. It therefore remains essential for the Allies to preserve the security of the North Atlantic area by means of conventional and nuclear forces adequate to deter aggression and intimidation. To that end they agree to continue their efforts towards greater co-operation in armaments and, in particular, to take full advantage of emerging technologies and to continue action in the appropriate fora restricting Warsaw Pact access to Western militarily relevant technologies [see footnote p 387, 1982].

The presence of North American forces on the European continent and the United States strategic nuclear commitment to Europe are essential to Allied security. Equally important are the maintenance and continued improvement of the defence capabilities of the European members of the Alliance.

Arms Control

Arms control and disarmament together with deterrence and defence are integral parts of Alliance security policy and important means of promoting international stability and peace.

Firmly committed to progress over arms control and disarmament, the Allies have initiated a comprehensive series of proposals for militarily significant, equitable and verifiable agreements, which are designed to lead to a balance of forces at lowest possible levels. They seek from the Soviet Union a constructive and serious approach in current negotiations.

Nuclear Forces

In the Strategic Arms Reductions Talks (START), the Allies fully support the efforts of the United States to negotiate with the Soviet Union significant reductions in United States and Soviet strategic forces emphasising the most destabilising systems in the first phase of the negotiations. The Allies urge the Soviet Union to contribute in a concrete way to speedy progress in these important negotiations.

The Allies underline the importance of both parts of the decision of 12 December 1979 which provided for a limited modernisation of United States Intermediate-range Nuclear Forces (INF) combined with a parallel offer of negotiations on United States and Soviet weapons of this kind [see pp 12-14, 1980]. *This decision, which was prompted, in particular, by the deployment of SS20 missiles, led to the current INF talks in Geneva within the framework of negotiations on strategic arms reductions.*[1]

The Allies fully support the United States efforts to enhance security through the total elimination of all existing and planned Soviet and United States longer-range land-based INF missiles. The United States proposal was developed in close consultation within the Alliance among the member countries concerned. The ministers of these countries welcomed the continuing United States commitment to serious negotiations, and to consider carefully with these Allies any serious Soviet proposal.[2]

Ministers reiterated that, in the absence of concrete results, INF deployments would begin according to schedule at the end of 1983.[1]

The Allies welcomed the recent proposals by President Reagan for new confidence-building measures in the nuclear field between the United States and the Soviet Union intended to enhance stability [see footnote p 383, 1982].

Mutual and Balanced Force Reductions

The Allies participating in the Mutual and Balanced Force Reduction (MBFR) talks in Vienna are confident that the comprehensive approach embodied in the draft Treaty text presented by Western negotiators has given new momentum to the negotiations. This Western initiative is aimed at achieving real progress towards substantial reductions of ground forces, leading to parity in combined ground and air force manpower at equal collective levels in Central Europe. Western participants in the negotiations call upon the East to respond adequately to the need for prior agree-

[1]Greece reserved its position on these two paragraphs.

[2]In a speech on 21 December 1982 the General Secretary of the Soviet Communist Party, Mr Yuri Andropov, offered to reduce the Soviet Union's 'medium-range' missiles in Europe to the numbers deployed by Britain and France in their independent nuclear deterrent forces. If Britain and France then reduced their nuclear forces the Soviet Union would make matching reductions in the numbers of its missiles in Europe. Mr Andropov also called for an agreement to reduce to equal levels on both sides the number of medium-range nuclear delivery aircraft in Europe. On 22 December, Britain's Foreign and Commonwealth Secretary, Mr Francis Pym, told the House of Commons (*Hansard*, Vol 34, No 36, cols 934-5) that, if, in principle, Mr Andropov's offer meant that the Soviet Union was prepared to reduce its SS20 missiles, this was a small step in the right direction. The proposal contained shortcomings, however, and the Soviet request to include the British strategic system in discussions on intermediate-range nuclear forces was an attempt to divert attention from the real power imbalance that lay at the heart of the problem.

ment on data for current Warsaw Pact force levels and to agree to effective associated measures for verification and confidence-building.[1]

Verification

The Allies also attach great importance to efforts in the United Nations to secure improved verification procedures, wider availability of information on defence spending and other measures likely to enhance transparency and thus build confidence.

Chemical Weapons

The Allies are gravely concerned about strong evidence of continued use of chemical weapons in South-East Asia and Afghanistan in violation of international law, including Soviet involvement in the use of such weapons.[2]

They stress the need for progress in the Committee on Disarmament towards a convention on the prohibition of development, production and stockpiling of chemical weapons and on their destruction, with appropriate provisions for verification including on-site inspection.

European Security

At the Madrid CSCE [Conference on Security and Co-operation in Europe] *follow-up meeting the Allies have deplored infringements of the principles and provisions of the Final Act. They noted in this respect that the situation in Poland remained a source of concern. The Allies are continuing their efforts to arrive at a substantial and balanced concluding document and they regard the draft submitted by the Neutral and Non-Aligned States in December 1981 as a good basis for negotiations. They have introduced a number of amendments to bring it up-to-date with realities in Europe and to call for progress on human rights, free trade unions and the freer movement of people, ideas and information. To facilitate a positive outcome in Madrid, the Allies urge the Soviet Union and other Warsaw Pact states to abide by the principles and provisions of the Final Act.*

As part of a substantial and balanced concluding document, the Allies reaffirm their support for a conference on confidence- and security-building measures and disarmament in Europe on the basis of a precise mandate to negotiate in a first phase militarily significant, politically binding and verifiable confidence- and security-building measures applicable to the whole of Europe, from the Atlantic to the Urals. They will also strive to achieve significant progress in the important humanitarian aspects of East-West relations.

[1]In July 1982 the West tabled a draft treaty which included a new element under which all direct participants would be committed at the outset to take a significant share in their side's overall reductions over a five year timetable to reach the agreed common collective ceiling of 900,000 ground and air force personnel, provided that reductions were satisfactorily verified at each stage. This is designed to meet the Eastern criticism that there would otherwise be no guarantee that a symbolic United States-Soviet phase 1 reduction would lead to a wider reductions agreement covering all countries having forces in the area.

[2]Greece expressed its views on this sentence, which were recorded in the record of the meeting.

East-West Economic Relations

Economic recovery in the West is essential both for Allied defence efforts and for social stability and progress. The Allies reaffirmed the need for effective co-operation bilaterally and in the appropriate fora towards this end, including programmes in keeping with Article 2 of the North Atlantic Treaty which are intended to benefit the economies of the less favoured partners.

The Allies recognise that mutually advantageous trade with the East on commercially sound terms contributes to constructive East-West relations. At the same time they agree that bilateral economic and trade relations with the Soviet Union and Eastern Europe must also be consistent with their broad security concerns which include the avoidance of contributing to Soviet military strength. Studies are under way or will soon be undertaken on several aspects of East-West economic relations, and Ministers will consider these issues again, on the basis of these studies, at their next meeting.[1]

Berlin and German Unity

The strict observance and full implementation of the Quadripartite Agreement of 3 September 1971 and the maintenance of an undisturbed situation in and around Berlin remain essential elements in East-West relations. The Allies welcome the efforts of the Federal Republic of Germany to strengthen the economy of the city in particular by ensuring long-term employment prospects.

Recalling their Rome statement of 5 May 1981 [see p 140, 1981], *the Allies express the hope that the continuation of the dialogue between the Federal Republic of Germany and the German Democratic Republic will contribute to the strengthening of peace in Europe and will bring direct benefits for Berlin and the German people in both states.*

International Stability

Peaceful progress world-wide is a goal to which the Allies remain committed. They consider that genuine non-alignment – an important element of international peace and stability – contributes to this goal, as does the aid which the Allies give bilaterally and multilaterally to the development of Third World countries. They reaffirm their readiness to co-operate with Third World countries on a basis of equal partnership. The Allies call upon all states to make an effective contribution to the struggle against under-development and to refrain from exploiting those nations' economic and social problems for political gain.

The Allies recognise that certain events outside the Treaty area may affect their common interests as members of the Alliance. Allied consultation on such events will be based on the recognition of those common interests. Those Allies in a position to do so may respond to requests by sovereign nations whose security and independence are threatened. It is in the interest of the Alliance as

[1]Greece recalled its position on various aspects of this paragraph.

a whole to ensure that sufficient capability remains in the Treaty area to maintain deterrence and defence.

Terrorism

The Allies again strongly condemn the crime of terrorism, which is a menace to democratic institutions and the conduct of normal international relations. They appeal to all governments to examine the possibilities of increased co-operative efforts to stamp out this scourge . . . .

Note: *The Minister for Foreign Affairs of Spain has informed the Council of the Spanish Government's purpose regarding the Alliance and reserved his Government's position on the present communiqué.*

DEFENCE PLANNING COMMITTEE

Meeting in Brussels on 1 and 2 December 1982, the Defence Planning Committee, against the background of the continued military superiority of Soviet conventional forces and the growing application of advanced technologies, adopted the NATO Force Plan for 1983-87 and agreed to provide resources for the force improvements it required. The Committee also approved a more flexible plan for the rapid reinforcement of Europe in a crisis, and reaffirmed 'the importance of . . . the continuing and undiminished presence of United States and Canadian forces in Europe'. These played a unique and essential role in integrated defence and were 'a concrete demonstration of the cohesion and will of the Alliance'. The other essential elements in this were the efforts being made by European members of the Alliance to maintain and improve their defences. In this context, ministers reaffirmed their commitment to continue to give 'due attention to fair burden-sharing and developing areas of practical co-operation'.

Stressing their common interest in the security, stability and sovereign independence of countries outside the NATO area, ministers acknowledged that out-of-area developments could threaten their vital interests and agreed to take account of the effect of such developments on NATO security, defence capabilities and the national interests of member states. While out-of-area policies were a matter of national decision, ministers agreed that Alliance members capable of acting to deter threats to Western interests outside the NATO area should do so 'in timely consultation with their allies'. Other members could make an important contribution by providing facilities to assist the deployments required.

Addressing the need to minimise escalating costs, particularly in the conventional field, ministers said that this could be achieved through the rationalisation and better co-ordination of defence planning activities involving infrastructure, armaments and logistics. Special importance was also attached to transatlantic co-operation on armaments. Ministers agreed to seek ways of exploiting emerging technologies within NATO's co-operative defence planning process and endorsed the pursuit of efforts to look for their economical and efficient application. At the same time, in order to preserve the West's technological advantage, they endorsed Alliance efforts to restrict the transfer of militarily relevant technology to the Warsaw Pact.

Welcoming the growing public debate in the West about the best ways of preserving peace with freedom, ministers 'acknowledged the responsibility of democratic governments to ensure that these debates were carried forward in full recognition of all the facts'. Recognition of the defensive nature of the Alliance was fundamental to any such discussion. Equally, in the face of the continuing build-up of armaments by the Warsaw Pact, there had to be a recognition of the need, if peace was to be preserved, for NATO to maintain strong, modern and flexible forces. The communiqué continued: 'NATO must maintain conventional forces at a level sufficient to ensure that a potential aggressor could not count on any quick or easy gain. In view, however, of the capabilities of both the nuclear and conventional forces of the Warsaw Pact, conventional defences alone cannot deter aggression. It is therefore essential to have available intermediate- and short-range nuclear forces and the strategic nuclear forces of the United States and the United Kingdom as indispensable parts of the interlocking triad of forces.'[1] A potential aggressor would have to take into account that 'an attack on any member of the Alliance would run the risk of escalation making the price of aggression higher than any conceivable gain'. This strategy of flexible response remained essential to peace, and continued adherence to it, backed up by strong defence efforts, including nuclear and conventional force modernisation, held 'the greatest promise of creating a climate conducive to substantial, equitable and verifiable reductions in the level of nuclear and conventional arms and to the achievement of genuine détente'.

NUCLEAR PLANNING GROUP

Meeting in Brussels on 30 November 1982, the Nuclear Planning Group also reaffirmed the need for an interlocking triad of forces if NATO's strategy of deterrence was to preserve security, peace and freedom. In particular, ministers stressed the importance of maintaining the effectiveness of NATO's strategic nuclear forces and, in this connection, emphasised the significance of the United States decision to base the MX missiles in a 'dense pack' in order to increase their survivability (see footnote p 383, 1982). Stability would be further enhanced and security greatly improved by an equitable and verifiable agreement to substantially reduce strategic nuclear weapons and ballistic missile warheads as the United States had proposed at the START talks in Geneva. Ministers also welcomed United States proposals to negotiate with the Soviet Union 'expanded nuclear confidence-building measures aimed at further enhancing international safeguards in this area'.

[1]Greece reserved its position in the points in these last two sentences.

Noting with concern that the Soviet Union now had more than 1,200 longer-range, land-based intermediate-range missile warheads, while NATO had none, ministers reiterated that, in the absence of a concrete arms control agreement, NATO would continue its preparations for the deployment of ground-launched cruise missiles and Pershing II missiles in Europe. At the same time they reaffirmed their strong support for the United States proposal calling for the elimination of all existing and planned Soviet and United States missiles of this type (the 'zero option', see pp 359-61, 1981). While there had been some progress in the negotiations, the Soviet Union continued to maintain a position that would permit it to keep its SS20 missiles while precluding NATO from deploying similar missiles. In addition, the Soviet Union was calling for the withdrawal of almost all United States dual-capable aircraft from Europe, the result of which 'would be to erode seriously the linkage between the United States strategic nuclear deterrent and the defence of NATO Europe' (see footnote p 19). Ministers again welcomed the readiness of the United States 'to give full consideration to any serious Soviet proposals which would enhance chances for effective and verifiable arms control agreements and would take into account legitimate Western security concerns'.

In conclusion, ministers reaffirmed that NATO's nuclear posture in no way represented a policy of seeking to fight and win a nuclear war, and underlined their firm commitment to the existing policy of collective deterrence. NATO theatened no one and none of its weapons would ever be used except in response to attack.[1]

EUROGROUP

Ministers from members of NATO's Eurogroup (Belgium, Britain, the Federal Republic of Germany, Greece, Italy, Luxembourg, the Netherlands, Norway, Spain and Turkey) met at NATO headquarters in Brussels on 29 November 1982. The meeting, which the Italian representative was unable to attend, was chaired by the then British Secretary of State for Defence, Mr John Nott.

In their communiqué ministers 'reaffirmed their determination to help to strengthen the Alliance by making the European contribution as strong and cohesive as possible'. While desiring balanced, verifiable and substantial measures of arms control and disarmament, they recognised that 'the security of Europe depends on NATO's policy of deterrence and defence, and that the foundation for the search for balanced measures of disarmament is a strong and united Alliance'.

Eurogroup countries participating in NATO's integrated military structure provided 75 per cent of the Alliance's readily available ground forces in Europe, 75 per cent of the tanks, 65 per cent of the air forces and 60 per cent of the warships, and this reflected their recognition of the need to share the burden of their common defence with their North American allies.

[1]The communiqué ended with a note stating that Greece had expressed its views on the issues discussed in a statement included in the minutes.

The ability to continue providing modern defence equipment, however, depended on the maintenance of a healthy European defence industrial base. It was therefore important to achieve a reasonable balance in the two-way flow of defence material across the Atlantic, and ministers welcomed the efforts of the United States Administration to overcome obstacles to genuine transatlantic co-operation. Full support was given to the efforts of the Independent European Programme Group to develop co-operation in Europe and to improve the present level of collaboration with the North American allies. The work of the Eurogroup's sub-groups in seeking forms of practical collaboration in several areas of military activity was also endorsed.

New Equipment

In a separate statement ministers described some of the major acquisitions and improvements planned for 1983 by Eurogroup countries participating in NATO's integrated military structure.

Improvements in land forces will include the introduction of nearly 550 main battle tanks, together with some 450 other armoured vehicles. The great majority of new tanks will be the advanced Leopard II, but the first deployment of the new Challenger tank will also take place. A wide range of tank improvements will include the introduction of night-firing devices and better fire control systems. Anti-armour forces will benefit from the introduction of over 700 new Milan and TOW missile systems, two-thirds being additional and not replacement equipment. There are also programmes to improve the effectiveness of the present TOW missiles and to give Milan and Swingfire missile systems an all-weather capability, and over 50,000 new hand-held anti-tank rocket launchers will be introduced during the year.

New maritime forces will include 11 destroyers and escorts, 11 mine counter-measures vessels, eight fast patrol boats and two submarines, one of which will be nuclear powered. The British aircraft carrier, HMS *Illustrious*, due to enter service in 1983, has already done so. A wide range of programmes has been undertaken to enhance weapons, sensors and communications systems on warships as well as to improve facilities for electronic warfare and for protection against missile attack.

Over 270 combat aircraft are planned to enter service, the majority being made up of the all-weather swing-wing Tornado (three countries) and the United States designed F 16 (four countries). The first of the airborne early-warning Nimrod fleet will also be introduced. Qualitative improvements are planned in electronic counter-measures and radar warning systems, including chaff and flare dispensing systems. In air defence, the Rapier air defence missile system will continue to be improved with further deployment of the Blind Fire radar guidance system.

In the maritime sphere about 20 helicopters will enter service, either at sea or at shore establishments, together with nearly 40 fixed wing aircraft. Most of the latter will be Tornados, but six will be

maritime patrol aircraft. Advanced electronic counter-measures are to be incorporated into a number of existing helicopters and fixed wing aircraft, and the new Searchwater radar will continue to be deployed.

European Council

The economic and social situation within the European Community, and a number of foreign policy issues, were among the subjects discussed by the European Council meeting in Copenhagen on 3 and 4 December 1982.

PRIME MINISTER'S STATEMENT

Reporting to the House of Commons on 7 December (*Hansard*, Vol 33, No 25, cols 721-9), the Prime Minister, Mrs Margaret Thatcher, said that in its discussion of the economic and social situation, the Council had agreed upon a number of priority goals 'including the re-establishment of economic stability; the continued reduction of interest rates as a means of encouraging productive activity; the creation of more employment opportunities and professional training for young people; and increased international co-operation in monetary and trade policy'. A work programme had also been approved on economic and social issues.

The Council had 'reaffirmed its political commitment to the enlargement of the Community by the accession of Spain and Portugal' and had requested the Foreign Affairs and Agriculture Councils to press ahead with the necessary preparatory work. Britain had taken the view that the Community's own resources were sufficient to cope with enlargement. 'The essential requirement is effective control over the rate of growth of agricultural expenditure.' In addition Britain had stressed that the Community should take quick and effective action to ensure more equal access in the Community's trade with Spain. Answering questions, Mrs Thatcher said that Spanish goods could enter the British market across a 4 per cent tariff barrier but that British exports had to face a tariff of 37 per cent.

Referring to trade relations with the United States, Mrs Thatcher said that the Council had 'noted with satisfaction the agreement reached on steel [see p 348, 1982] and the United States' President's decision to lift the sanctions imposed in connection with the Siberian pipeline' (see p 266, 1982). The Council had also asked the Foreign Affairs Council 'to take decisions on the various ways and means of improving commercial relations between Japan and the Community'.

The Prime Minister pointed out that it had been confirmed that nine member states were prepared to accept the Commission's proposals for a revised common fisheries policy but that Denmark was unable to do so, the Danish Prime Minister wanting some further clarification.[1]

Referring to Britain's budget problem in 1983 and later, Mrs Thatcher said that she had emphasised that, unless a decision was reached before March 1983, Britain would have to raise the matter at the next meeting of the Council.

PRESIDENCY CONCLUSIONS

Economic and Social Situation

The Council fully endorsed 'the need for a comprehensive strategy for achieving a marked improvement in the employment situation through the creation of durable new jobs'. Implementation of this strategy had to comprise 'a broad range of interlinked and mutually supportive economic and social policies both at Community and national level'. A number of priorities were agreed including the re-establishment of economic stability; contributing to economic recovery and structural improvement through the continued reduction of interest rates and support for productive investments, especially in innovative sectors; the creation of more employment opportunities and professional training possibilities for young people; energy saving and diversification of supply; strengthening the common market and the elimination of practices which restrict trade and distort competition; and increasing international co-operation and consultation in monetary, financial and trade policies.

Specific policies approved include a commitment to take a decision before March on measures proposed by the Commission to reinforce the internal market, the speeding up of the adoption of Commission proposals on research, innovation and energy, the expansion of the New Community Instrument,[2] and the consideration of Commission proposals designed to ensure that young people get professional training or work experience.

Enlargement

The Council, reaffirming its commitment to the entry of Spain and Portugal, asked the Council of Ministers 'to press ahead with the negotiations with both countries as soon as possible'. Rapid progress was required within the Community on a number of issues 'to facilitate a harmonious enlargement'. In particular it requested agriculture ministers 'to complete urgently and before March 1983 the revision of existing rules for certain Mediterranean agricultural products' and invited the Commission to explore with the two countries the measures they should adopt to prepare their economies for accession.

[1]European Community member states, with the exception of Denmark, have agreed a common fisheries policy relating to conservation, access to fishing grounds and quotas of fish. In the absence of agreement by Denmark, maritime member states, with the temporary approval of the Commission, are implementing national measures to enforce the policy.

[2]The New Community Instrument is a facility set up in 1978 to provide loans in order to finance investment projects concerned with regional development, energy development and conservation, and industrial redeployment.

Relations with Other Countries

The Council welcomed the outcome of the recent ministerial meeting of the General Agreement on Tariffs and Trade (see pp 401-2, 1982) and re-emphasised its determination to pursue a genuine and effective dialogue with the United States. It noted with satisfaction the Community-United States arrangement on steel and the lifting of United States sanctions related to the Siberian pipeline. Referring to relations with developing countries, the Council stressed the importance of decisions to be made on a number of questions, including new negotiations between the Community and countries in Africa, the Caribbean and the Pacific on a new aid and trade convention. Community members recognised the urgent need to bring about an improvement of developing countries' ability to cope with their economic and financial problems, and that this would be an important factor in favour of international economic recovery.

Political Co-operation

East-West Relations

Referring to the recent change of leadership in the Soviet Union (see p 394, 1982), the Council emphasised that member states' relations with that country would continue to be based on the principles of firmness and dialogue. They were ready to respond to efforts made by the Soviet Union to improve confidence in international affairs and to work with it and the countries of Eastern Europe for a more constructive relationship. Expressing the desire for a speedy and positive conclusion to the Madrid follow-up meeting of the Conference on Security and Co-operation in Europe (see pp 351-5, 1980), the ten member states 'confirmed their commitment to . . . negotiating a substantial and balanced concluding document which [would] contain a precise mandate for a conference on disarmament in Europe as well as further progress within the human dimension of the Helsinki Final Act'. In so doing they promised to co-operate with other allied and friendly states, including the neutral and non-aligned participating states.

Poland

On recent developments in Poland the Council noted with regret that a large number of people remained in detention, that the free trade union, Solidarity, had been dissolved and that martial law continued. However, it also noted the release of some detainees, including the leader of Solidarity, and that this could constitute a step towards the fulfilment of the appeal made by the Community in January 1982 (see p 9, 1982). The Council said that member states would continue to follow events in Poland closely and in particular study the implications of the possible lifting of martial law, including the conditions under which this would take place. (Martial law was suspended on 31 December 1982 – see footnote, p 18.)

Afghanistan

The Council expressed the view that the new Soviet leadership 'could make an important contribution to the improvement of international relations . . . by reassessing its position on the question of Afghanistan'. It endorsed the General Assembly's fourth successive vote on the issue[1] and stated that 'the people of Afghanistan should be permitted to regain their national sovereignty and independence and the status of a non-aligned state'. The Council members were ready to support realistic efforts to achieve a political solution and recalled its 1981 proposal for a comprehensive settlement (see pp 201-2, 1981).

The Middle East

On the Arab-Israel conflict the Council 'expressed its disappointment at the delay in grasping the political opportunity created by the initiative contained in President Reagan's speech on 1 September 1982 and the will to peace expressed in the declaration of Arab heads of State meeting at Fez on 9 September 1982' (see pp 285-6, 1982). It called upon the parties to assume their international responsibilities and 'to cease to ignore the United Nations Security Council resolutions and explicitly make known their approval of these resolutions'.

Turning to Lebanon (see pp 316-19, 1982), the Council noted that, despite the efforts of negotiators on the spot, 'no significant progress had yet been achieved towards the withdrawal of the Israeli, Syrian and other foreign forces'. The persistence of this situation 'would constitute a threat to the integrity and unity of Lebanon, carrying serious dangers for the whole region'. Although the withdrawal of foreign forces could be progressive, they needed to take place 'within a fixed and short period of time and under conditions which would permit the Lebanese authorities to exercise fully their rights of sovereignty over all of Lebanon'. Recalling their support for the United Nations force and United Nations observers in Lebanon established by the Security Council, as well as the Beirut multinational force to which two member states contributed, the Council said that the Community and its member states were also prepared to continue contributing to the reconstruction of Lebanon.

Law of the Sea Convention

Britain has abstained from signing the United Nations Law of the Sea Convention on the grounds that the Convention's provisions relating to deep-sea mining and the transfer of technology are unacceptable.

On 30 April 1982 the Third United Nations Law of the Sea Conference completed nine years of work when it approved a Convention dealing with

[1]On 29 November the United Nations General Assembly reaffirmed the right of the people of Afghanistan to choose their own economic, political and social system free from outside intervention, and called for the immediate withdrawal of foreign troops from that country. There were 114 votes in favour (including Britain) and 21 against with 13 abstentions.

all matters relating to the law of the sea. The Conference failed to adopt the Convention by consensus, but, instead, in a vote requested by the United States, the text was adopted by 130 votes in favour to 4 against (Israel, Turkey, the United States and Venezuela) with 17 abstentions, including Britain and five other members of the European Community, the Soviet Union and several Eastern bloc states.

On 10 December 1982 the Convention was opened for signature in Montego Bay, Jamaica, and will remain open for signature for two years. It deals with almost every human use of the oceans and seas: navigation and overflight, resources exploration and exploitation, conservation and pollution, fishing and shipping. Its 320 articles and nine annexes constitute a guide for the behaviour of states in defining maritime zones, laying down rules for drawing boundaries, assigning legal duties and responsibilities, and providing machinery for the settlement of disputes. The Convention will come into force 12 months after 60 states deposit with the United Nations Secretary-General their instrument of ratification or accession.

THE CONVENTION

Under the Convention, coastal states will exercise sovereignty over their territorial sea of up to 12 miles in breadth, but foreign vessels will be allowed 'innocent passage' through these waters for purposes of peaceful navigation. Ships and aircraft of all countries will be allowed 'transit passage' through straits used for international navigation, as long as they proceed without delay and without threatening the bordering states, who will be able to regulate navigation and other aspects of passage. Archipelagic states, made up of a group or groups of closely related islands and interconnecting waters, will have sovereignty over a sea area enclosed by straight lines drawn between the outermost points of the islands, and will designate sea lanes through which ships of all other states will enjoy the right of passage.

Coastal states will have sovereign rights in a 200-mile exclusive economic zone with respect to natural resources and certain economic activities, and would also have certain types of jurisdiction over scientific research and environmental preservation. All other states will have freedom of navigation and overflight in the zone, as well as freedom to lay submarine cables and pipelines. Delimitation of overlapping economic zones will be effected by agreement on the basis of international law.

Coastal states will also have sovereign rights over the continental shelf for the purpose of exploring and exploiting it without affecting the legal status of the water or air space above. The shelf will extend at least to 200 miles from shore, and out to 350 miles or even beyond under specified circumstances. Coastal states will share with the international community part of the revenue they derive from exploiting resources from any part of their shelf beyond 200 miles. Delimitation of overlapping shelves will be on the same basis as for the exclusive economic zones, and a Commission on the Limits of the Continental Shelf will make recommendations to states on the shelf's outer boundaries.

The Convention confirms the traditional freedoms of navigation, overflight, scientific research and fishing on the high seas for all states and obliges them to adopt, or co-operate with other states in adopting, measures to manage and conserve living resources. There are provisions for land-locked states to enjoy the right of access to and from the sea and freedom of transit through the territory of transit states by all means of transport.

Under the Convention, a 'parallel system' will be established for exploring and exploiting the international sea-bed area. All activities in the area will be under the control of the International Sea-Bed Authority, which will conduct its own mining operations. At the same time it will contract with private and state ventures to give them mining rights in the area, so that they can operate in parallel with the Authority. The resources of the area will be managed as a 'common heritage of mankind'. The first generation of sea-bed prospectors ('pioneer operators') will have guarantees of production once mining is authorised.

The Convention includes provisions under which states will be bound to use 'the best practical means at their disposal' to prevent and control marine pollution from any source, and will be liable for damage caused by violation of their obligations in this respect. They will also co-operate globally and regionally in formulating rules and standards of environmental protection and will commit themselves to promote technical assistance to developing countries in this area.

All marine scientific research in the exclusive economic zone and on the continental shelf will be subject to the consent of the coastal state, which will be obliged to grant consent to foreign states when the research is to be conducted for peaceful purposes and fulfills other criteria. States will be bound to promote the development and transfer of marine technology 'on fair and reasonable terms and conditions' and with proper regard for all legitimate interests, including the rights and duties of holders, suppliers and recipients of technology.

States will be obliged to settle by peaceful means their disputes over the interpretation or application of the Convention's provisions. When they cannot agree on the means of settlement, they will have to submit most types of disputes to a compulsory procedure entailing decisions binding on all parties.

Britain's View

Britain is among 22 industrialised nations, including the United States, the Federal Republic of Germany, Italy and Belgium, that have expressed reservations about certain of the Convention's provisions and have so far abstained from signing.

In a speech at the conclusion of the Conference at Montego Bay on 8 December 1982, the leader of the British delegation, Mr J. E. Powell-Jones, said that many of the Convention's provisions were a re-statement or codification of existing conventional and customary international law and state practice, while others made more precise

what was inherent or implicit in existing international law, manifesting concepts which had emerged over the past 25 years. There was also a third category of provisions: those which sought to make new law, the most obvious being the concept of the 'common heritage of mankind', set out in the General Assembly resolutions on the exploitation of the deep sea-bed beyond national jurisdiction. While much in the Convention was valuable and generally acceptable, said Mr Powell-Jones, the British Government found the provisions relating to the deep sea-bed, including the transfer of technology, unacceptable, and a number of other industrialised countries shared Britain's misgivings. However, the present conference was not necessarily the end of the process of searching for a consensus or for universal agreement. Participating states had to try, starting with the Preparatory Commission, to build on what was generally agreed in the Convention and seek co-operation between those who today had different perceptions of its various provisions.

Parliamentary Statement

Explaining Britain's position to the House of Commons on 2 December 1982 (*Hansard*, Vol 33, No 22, cols 410-16), the Under-Secretary of State for Foreign and Commonwealth Affairs, Mr Malcolm Rifkind, said that, while parts of the Convention, such as those relating to navigation, the continental shelf and pollution were helpful, the provisions concerning deep sea-bed mining, including the transfer of technology, were based on 'undesirable regulatory principles', and could constitute 'unsatisfactory precedents'. Assuring the House that the British Government was 'not against international co-operation on the exploitation of the deep sea-bed', Mr Rifkind said that there were in the Convention particular proposals which could result 'in an unwieldy, bureaucratic and possibly unworkable system which would deter rather than encourage . . . investment and co-operation'. Britain needed to obtain satisfactory improvements in the deep-sea mining regime and would explore the prospects with other interested states. As the Convention was open for signature for two years, there would be ample time for revision before taking a final decision. It was undoubtedly in the interests of the world community that there should be an international convention which was acceptable to it as a whole and Britain would do its best to see whether this could be made possible during the next two years.

Speaking for the Official Opposition, Mr Denis Healey said that Mr Rifkind's statement was utterly unacceptable. The Government's decision would be regarded as contrary to international and British interests.

Shorter Notes

COMMONWEALTH DEVELOPMENT CORPORATION

Increases in the borrowing limits and more flexibility in temporary borrowing powers for the Commonwealth Development Corporation (CDC) are contained in the Commonwealth Development Corporation Bill which received its second and third readings in the House of Commons on 7 December 1982.

The Bill amends the Commonwealth Development Corporation Act 1978 by providing for an increase in the CDC's overall borrowing limit from £500 million to £750 million which may be increased by Order up to a maximum of £850 million. The CDC will also be allowed to borrow in foreign currency up to £15 million in this financial year and in each of the next two financial years. Introducing the Bill, the then Minister for Overseas Development, Mr Neil Marten, said that such borrowing, together with loans from the aid programme (an expected £34 million in 1982-83, and a planned £37 million in 1983-84) and self-generated funds, should enable the CDC to 'continue to invest at a level broadly comparable in real terms with that which it achieved for most of the 1970s'.

[The CDC promotes economic development by investing in developing countries, not for maximum profitability but for maximum development value, although it is expected to pay its way taking one year with another. At the end of June 1982, commitments totalled some £627 million, of which £418·2 million had been invested. Of the total committed, 31·4 per cent was in basic development (power and water, housing finance and transport), 50·8 per cent in primary production and processing and 17·8 per cent in industry and commerce.

The amendments to the Commonwealth Development Corporation Act 1978 follow an interdepartmental review of the Corporation and the Government's agreement in December 1981 (see pp 13-14, 1982) that the CDC should exercise greater flexibility in the allocation of its investments and that the total financial resources available to it should be increased.]

Sources: *Hansard*, Vol 33, No 25, cols 778-814; *Commonwealth Development Corporation: Partners in Development*, available from CDC, 33 Hill Street, London W1A 3AR.

AID TO BRAZIL

Britain is to provide over £24 million in grant aid to Brazil for the development of the coal-fired Jacui power station in the southernmost province of Rio Grande do Sul. The money, to be made available under the Aid/Trade Provision,[1] will be used to help finance a 350-megawatt steam turbine and a coal-fired boiler, ancillary equipment and services. Contracts have been awarded to a consortium of firms comprising Klöckner (UK), NEI International Combustion and NEI Parsons, and will be supported additionally by a financial package consisting of a loan covered by the Export

[1]Under this provision of the aid programme, money is set aside to assist British firms to secure orders in developing countries to which Britain does not normally provide aid or where the planned allocation is already committed; such projects must be developmentally sound and be of industrial or commercial importance.

Credits Guarantee Department and a euro-dollar loan provided by a group of banks led by Lloyds Bank International.

Welcoming the deal, which replaces the previously negotiated and cancelled Santa Cruz power station and Prospera mine development (see pp 336-7, 1981), the Minister for Trade, Mr Peter Rees, said that, together with other contracts recently agreed with the Brazilian Government, it formed 'the basis of what we hope will be an increasingly close economic and industrial relationship between the United Kingdom and Brazil'.

In recent years Brazil has emerged as Britain's largest market in Latin America. A trade agreement, signed in October 1981 by Britain and Brazil, secured nearly $700 million of orders (not all of which were, however, subsequently taken up) for British companies; projects included shipbuilding, power station and coal mining development, the provision of electronic equipment, construction of an urban rail system and orders for offshore oilfield equipment and services. The agreement represented the largest credit package ever arranged in Britain for a Latin American country.

Sources: Department of Trade press notice, 4.11.82; Overseas Development Administration press notice, 1.12.82.

ECONOMIC AND SCIENTIFIC AFFAIRS

Britain and Information Technology

In a speech at the opening of the Information Technology (IT) '82 conference at the Barbican Centre, London, on 8 December 1982 – held to mark the close of IT Year 1982 in Britain – the Prime Minister, Mrs Margaret Thatcher, said that the era of information technology was just beginning, and governments and industries had to plan for the opportunities and challenges it brought. Britain was in as good a position as any of its competitors to benefit from the new possibilities information technology had to offer.

Mrs Thatcher emphasised Britain's record in new technology. Its scientists had led the world in major discoveries for the benefit of mankind, from Newton and Faraday to more than 60 Nobel prizewinners in science who had been British. 'And the one outstanding quality in our scientific history has been vision: the vision to see how the ever-expanding frontiers of science may be applied to our everyday lives. That is why we are world leaders in fibre optics, and in medical scanning with nuclear magnetic resonance. That is why we have research centres in biochemistry, and telecommunications, that are the envy of the world. That is why we have been able to make ourselves self-sufficient in oil, drilled from one of the most hostile environments on earth', she said.

Information Technology and Economic Growth

Mrs Thatcher went on to underline the increasingly important role which information technology would play in the economies of the Western world and the opportunities for economic growth and prosperity which it provided. Thanks largely to British developments, more than half a million homes in Britain now had their own computers. She said that there were many recent achievements by information technology companies of which Britain could be proud: between 1979 and 1982 Racal had increased its turnover threefold from £220 million to £650 million, Plessey from £650 million to £1,000 million, and Sinclair Research from £0·5 million to a forecast £50 million; Quantel now exported 80 per cent of its products, mainly to the United States; and British Aerospace was currently involved in the construction of ten communications satellites, and was prime contractor for the world's largest and most powerful satellite (L-SAT, see p 335, 1981). Britain was also a major producer of software, with skills and ingenuity second to none – Britain's teletext software had been accepted as effectively the world standard and British software had helped London to become the most efficient financial centre in the world, through the City's ability to process vast amounts of information quickly and accurately.

The Role of Information Technology Year 1982

Mrs Thatcher said that Information Technology Year 1982 (see pp 183 and 335, 1981) had made an important contribution to these achievements and had succeeded in generating enormous enthusiasm throughout the country. According to the results of an opinion poll, more than six out of every ten of the population had now heard of information technology, compared with fewer than two in ten at the beginning of the campaign. The success had penetrated into Mrs Thatcher's own office, where she had just introduced a computerised system for filing and retrieving her correspondence with members of the public. Moreover, within the Cabinet Office there was now a fully automated 'office of the future' (see p 29).

The Government's Approach

Mrs Thatcher stressed that the Government's approach to the challenge of information technology had three ingredients: free enterprise, competition and the responsibilities of Government. Together, these ingredients ensured that the boundary was properly drawn between the activity of the private sector and the authority of Government. They would ensure that individual effort could grow into small business, and small business into big business.

The first ingredient of the Government's approach was a passionate belief in the virtues of free enterprise and individual endeavour. It had to let the vision of the inventor, and the flair of the businessman, create the wealth and jobs of tomorrow. This was nowhere as true as in the field of advanced science and information technology. It was for this reason that the Government had put into private hands such important enterprises as

British Aerospace (see p 14, 1981) and Cable and Wireless (see pp 344-5, 1981), to be followed in due course by British Telecom (see pp 404-7, 1982).

The second ingredient was competition; encouraging private endeavour also meant encouraging competition. Thanks to competition, private sector firms were already making and marketing new telephones (see also p 271, 1982), new equipment and new services. In December 1982 the Government would be ending the monopoly of car and vehicle telephone services (see p 253, 1982, and p 39), and in 1983 the Mercury consortium (see p 365, 1982) would be laying an entirely new network for communications, the first competitive network in Europe. The Government's proposals on cable television – broadly accepting the recommendations of Lord Hunt (see p 370, 1982) – would mean new competition in the field of broadcasting and telecommunications. Its proposals for the design and technical standards of cable systems would also encourage rapid development of the most advanced technology while leaving the key choices to the private sector; detailed proposals would be made in the spring of 1983.

The third ingredient was the Government's direct responsibilities, in stimulating and enabling people to plan for themselves. First, it would continue to encourage people to accept the new technology – to know what it offered, how to use it, how it would benefit them and their businesses. (It was setting an example itself: its proposals for modernising the social security system would be Britain's biggest information technology project in the next ten years.) Secondly, it would ensure that information technology would be as commonplace to future generations as television and pocket calculators were to the present ones – which was why its support for information technology in schools and higher education was so vital (see also pp 117-18 and 336, 1981, p 276, 1982, and p 39). Britain was the first country in the world to put a computer into every secondary school, and had done this in many primary schools as well. The Government was also launching a new scheme of technical and vocational education for young people at school in the 14-to-18-year age group, giving them the chance to take a four-year course directly related to the needs of firms in their area. It hoped to see ten such projects started by September 1983, each catering for about 1,000 young people, in an attempt to restore the practical achievements of the old technical schools some 20 years ago. Moreover, the information technology centres (see pp 27 and 364, 1982) had already shown remarkable success in training young people, mostly unemployed and unqualified, in computer technology and electronics skills. Early results showed that 80 per cent of the young people emerging found jobs where they could use their new skills. More places would be available for information technology training in universities and polytechnics (see p 39), and the Government – jointly with Racal – was sponsoring a chair in information technology at Surrey University. Thirdly, the Government would maintain British scientific and technological excellence by supporting the research and development that had to be carried out if industry were to bring successful products to the market, fibre-optics (see p 417, 1982) being an outstanding example of this.

The microprocessor revolution offered countless opportunities for the enrichment and improvement of Britain's national life – provided it was used with skill, vision and good sense. It could help the elderly and the disabled to cope with their infirmities in ways never dreamed of a few years ago; for example, deaf children were being taught to speak by using a pattern of sound waves on a screen, and the Open University was developing a microcomputer with a synthetic speech output for the blind (see p 30). It could also help manufacturers, suppliers, authors and teachers – not replacing their human skills, but enhancing them. Under the Government's 'Micros for General Practitioners' scheme, a large number of medical practices would get computers which would lighten the administrative load, giving the doctor more time with his patients. It could also speed up communications, improve the quality of products, and make available to a much wider public at home what had hitherto only been available to a few. It would also create jobs. There would be difficult changes and some problems of adaptation, but unless Britain successfully developed and harnessed the new technology in its factories and offices, it would simply not be able to compete with countries that did.

Further Initiatives

In a speech to conclude the conference on 9 December 1982, the Minister for Industry and Information Technology, Mr Kenneth Baker, said that the focus on the opportunities for information technology in 1982 had allowed the Department of Industry to increase its spending on relevant research and development in 1983 to £200 million, much of which would go into industry as grants for research. Mr Baker said he was widely consulting industry and the universities on the report of the Alvey Committee (see p 373, 1982), which had recommended a major research and development programme stretching over the next five years into the next generation of computers.

Mr Baker also announced an expansion of the scheme for 'office of the future' pilot projects, in which British manufacturers and service companies joined with public sector users to demonstrate advanced electronic office systems. Seven more such projects had been agreed (bringing the total to 22), subject to final contractual negotiations and any necessary consultations. Furthermore, in a scheme expected to cost £1 million in 1982-83, all initial teacher training colleges would be provided over the next three months with £5,000 worth of equipment drawn from the set of microcomputers now available to schools. In addition, each college would be able to bid for a further £15,000 worth of equipment, including software and peripheral devices. Applications would be assessed by the Department of Industry in conjunction with the Department of Education and Science. The Parliamentary Under-Secretary of State for Industry, Mr John MacGregor, was

also working on a scheme to provide small businesses with free advice on the application of information technology.

Information Technology for the Blind

The Department of Industry is allocating £258,000 to the Royal National Institute for the Blind to develop information technology for blind people.

Announcing this at the Institute's industrial forum at Warwick University on 13 December 1982, the Parliamentary Under-Secretary of State for Industry, Mr John Butcher, said that, though information technology was normally associated with the business world of computers and robots, it also had great social potential. For the visually handicapped, there were many ways in which it could help to make life easier and he was anxious that the Department should continue to foster and encourage such developments. Having already contributed towards an Open University project to develop software to enable visually handicapped children to use computers, it had now agreed to provide a further £15,000 to enable trials to take place in eight schools for the blind in 1983.

Mr Butcher pointed out that people who were both deaf and blind tended to be neglected as a group, their sense of isolation being particularly acute. The Department had therefore set aside £75,000 for developing equipment which would enable them to communicate by means of specially adapted telephones. A word processing unit at the Institute was also being funded at a cost of £75,000, to investigate the problems arising from such equipment, which was beginning to exclude a number of visually handicapped people from typing and secretarial work – an area in which they have traditionally worked. The £258,000 also includes £50,000 for 50 Microwriters (communication aids which are portable and battery-operated, have only five keys, and can be used with a variety of attachments such as a printer, voice synthesiser and visual display unit) and £18,000 for ten Viewscan portable reading aids (consisting of a small hand-held camera which, when passed across the page, produces a bright portable display), able to deal with handwriting as well as typed or printed text.

Construction Projects in Operation

Two major civil engineering projects, the Thames Barrier and the Dinorwic pumped-storage power station, have been brought into operation.

The Thames Barrier

The Thames Barrier is a unique flood defence system which protects central London. Its successful closure on 31 October 1982 demonstrated that it is now possible to ensure the safety of a large and important part of the area – including the seat of government. The project has involved the installation in a major waterway of enormous mechanical and concrete structures within extremely close tolerances.

Tides at London Bridge have been increasingly higher over the last 100 years, because of the settlement of London itself and of the whole of south-eastern Britain, and because the volume of water in the oceans is increasing as the polar ice-caps melt. A special threat had been posed by 'surge' tides caused by a build-up of water in the shallow southern basin of the North Sea under certain weather conditions.

The 520-metre-wide barrier is at Woolwich Reach, a few miles downstream of central London. It comprises ten specially designed, movable gates joined to river piers by arms at each side. In section the gates are shaped – rather like a rocking blotter – as a segment of a circle and are hollow, steel-plated structures. When the gates are raised, the curved side, which faces the incoming tide, distributes the water pressure across their width. Each of the four largest gates in the centre of the barrier is 61 m wide, 20 m high and weighs 3,300 tonnes. These and two smaller gates lie flat on the riverbed in concrete housings when not in use, allowing shipping to pass through the barrier. When needed, they are raised upwards through a right-angle to form part of the flood barrier. The other four gates descend into position from housings above the surface of the Thames. It takes about half an hour to close the barrier. (The control engineers at the barrier receive about 13 hours' warning of a surge tide.)

It is expected that closures will have to be made twice a year up to the year 2000; after that the frequency may rise. Some engineering work remains to be done and the barrier will be formally inaugurated later in 1983. Three-quarters of the total cost of £450 million (in March 1982 prices) has been met by the Government.

The consulting engineers on the project were Rendel, Palmer and Tritton (London) and the main civil engineering works were carried out by a consortium comprising Costain Civil Engineering (London), Tarmac Construction (Wolverhampton, West Midlands) and Hollandsche Beton Maatschappij (Gouda, the Netherlands). The gates and operating machinery were made by Cleveland Bridge and Engineering (Darlington, Durham) and Davy McKee (Sheffield, South Yorkshire).

[For further information see COI reference paper *The Thames Barrier*, No 191/82.]

The Dinorwic Project

When fully commissioned, the Dinorwic pumped-storage power station will be one of the largest electricity-generating stations of its kind in the world. The first of its six generators was brought into commission on 1 December 1982, and the others will come into operation during 1983. Housed in a mountainside in Gwynedd, north Wales, it represents an extraordinary achievement in civil engineering design and construction.

Dinorwic has been built by the Central Electricity Generating Board, which operates in England and Wales the largest fully integrated electricity supply system under unified control in the Western world. It will provide a quickly available reserve of power to meet sudden increases in

demand or to safeguard the system in the event of a major failure of generation or transmission equipment. In an emergency it will be able to reach an output of 1,320 MW in 10 seconds, a faster response than from any other pumped-storage station yet built. With a maximum electrical output of 1,880 MW from its six generators, it will be able to provide a constant output of about 1,700 MW to the national system for up to five hours.

Despite the enormous costs (estimated at £435 million) of building a pumped-storage scheme, Dinorwic will still save the Central Electricity Generating Board a great deal of money. Without it, reserve power supplies can only be provided by running some of the conventional power stations at low load, to enable them to be brought on-stream in an emergency. This is so uneconomic that Dinorwic would still save money even if it were never called upon to operate.

The station works through the release of up to 6·6 million cubic metres of water stored in a reservoir high up on the mountain so that it descends with tremendous force down tunnels and shafts within the mountain to drive the power station turbines. After use the water is collected in a lower reservoir and is then (during off-peak periods of demand for electricity) pumped back up to the high-level reservoir ready for re-use.

About 1¼ million cubic metres of rock, weighing some 3 million tonnes, were excavated from highly faulted and folded slate to create a complex of tunnels, shafts and caverns to house the power station. In all about 16 km (10 miles) of tunnels and shafts were driven, and the largest cavern was, when excavated, the largest man-made cavern in Europe, measuring 180 m long by 60 m high by 24·5 m wide.

Great pains were taken to minimise Dinorwic's environmental impact on the Snowdonia National Park and nothing at all is visible above ground of the power station itself.

The main consulting engineers for the project were James Williamson and Partners (Glasgow) and the main civil engineering contractors were the MBZ consortium, led by Sir Alfred McAlpine and Son (Hooton, Wirral, Merseyside), and including Charles Brand and Son (Sandy, Bedfordshire) and Conrad Zschokke (Geneva, Switzerland).

Housing and Building Control Bill

The Housing and Building Control Bill, which extends the right of public sector and certain other tenants to buy their homes from public authorities, gives certain tenants the right to a shared ownership lease and provides for an optional system of private certification of compliance with building regulations, received its second reading in the House of Commons on 23 November 1982.

Main Provisions of the Bill

The Bill extends the right to buy their homes conferred on public sector tenants by the Housing Act 1980 (see pp 56-8, 1980) to those whose landlord does not own the freehold[1] and to certain tenants of charitable housing associations and housing trusts. It also gives certain tenants the right to be granted a shared ownership lease–that is, the right by a tenant who cannot afford a mortgage on the whole property to buy an initial share in his or her home of at least 50 per cent, paying rent on the proportion of the home not bought.

The Bill clarifies and amends the provisions governing qualification to buy and the discount to which purchasers are entitled, and modifies other aspects of the right to buy procedures in the 1980 Act. It also amends the provisions as to the assignment of secure tenancies, to prevent the right to buy from being extinguished.

Provisions are made in the Bill for a system of private certification of compliance with building regulations, at the option of the person carrying out the building work, as an alternative to local authority building control. A system of approved documents would be established to give practical guidance with respect to the requirements of the building regulations.

House of Commons Debate

The Bill was given a second reading by 320 votes to 203, a government majority of 117.

Government View

The debate was introduced by the then Secretary of State for the Environment, Mr Michael Heseltine (*Hansard*, Vol 32, No 15, cols 716-800), who described the Bill as a further stage in meeting the objectives of giving people an opportunity to own their own homes and of reversing the trend of ever-increasing dominance of the state over the life of the individual.

After three years of financial discipline, Mr Heseltine said, the Government was beginning to see the benefits, and had started to redress the imbalance between current and capital expenditure. Some housing capital programmes had been increased and local authorities had been requested to raise their spending levels closer to the national provision. All authorities could spend without limit on home improvement grants in 1982-83, while the cash limit of the Housing Corporation (which finances and supervises housing associations) had been increased by £150 million. For 1983-84 the gross capital provision would be increased to some £340 million above the expected outturn for the current year. In the public sector, housing starts in the third quarter of 1982 were 36 per cent up on the equivalent period of the previous year, while starts in the private sector were 23 per cent up.

There had been 'a revolution in the ways in which local authorities have started to make more effective use of the monies available'. Private finance was being brought in through a range of

[1]In England and Wales buildings and land are owned either freehold (in perpetuity) or leasehold (for a fixed period, commonly 99 or 999 years).

joint initiatives and new opportunities opened for home ownership at the cheaper end of the market.

There was now a wide variety of schemes which widened choice and opportunity, especially for households on lower incomes, and the Bill gave a right to a shared ownership lease to tenants who could not afford to buy their homes outright.

The Secretary of State described an experimental scheme in the Liverpool area, in which a rundown estate of over 3,000 houses was to be taken over by a private trust involving the local authority, the tenants, a building society and a bank; private finance would be combined with public sector resources in the refurbishment of the estate.

A central objective of government policy was to enable as many people as possible to become home owners. More than 400,000 public sector dwellings had been bought by tenants since April 1979, and the Secretary of State thought it realistic to say that about 1 million people were now living in homes they had been able to buy because of the Government's legislation.

The housing content of the Bill proposed three main extensions of the right to buy; to tenants of local authorities, new towns and housing associations whose landlord did not own the freehold of their homes, to tenants of charitable housing associations and trusts living in homes provided wholly or substantially with public funds, and to tenants who could not afford to take on a mortgage for the whole cost of buying their home. Other clauses in the Bill gave protection in particular cases to tenants who wished to buy or had bought. The provisions were, Mr Heseltine said, 'evidence of our determination to deliver to tenants the rights granted them by Parliament'.

Turning to the parts of the Bill relating to building control, he said that the present system was far from ideal. The first objective of this part of the Bill was to provide an opportunity for the industry to achieve greater self-regulation through a system of private certification of compliance with building regulations. This would be an optional alternative available to builders and developers, who would still be able to have their buildings supervised by local authorities if they wished. The second objective was to provide for the approval of technical documents giving practical guidance on compliance with the building regulations, enabling the regulations to be simpler and kept up to date more easily. For private certification, the Bill set out a legal framework enabling approved inspectors to supervise building work. Mr Heseltine emphasised that the Government was in no way lowering standards, which would be maintained at a consistently high level nationally.

Opposition Views

Mrs Ann Taylor, an Opposition spokesman on the environment, said that the Bill contained no new government thinking. The Government wanted to force councils to sell to those who could not afford to buy; the right to shared ownership was designed for those who could afford to buy only half a council house. There were problems involved with shared ownership about which the Secretary of State had been silent. The second part of the Bill dealt with privatisation, but the Secretary of State had not been able to demonstrate that the high level of public safety that had been achieved under the existing system would be maintained. The Bill did nothing to alleviate the housing crisis that the Government had created.

Mr Stephen Ross, for the Liberal Party, accepted that anomalies had arisen under the 1980 Act but thought that, with regard to charitable housing trusts, it was wrong to undo the work of so many people in the voluntary sector. For the Social Democratic Party, Mr John Cartwright said that although owner-occupation was an important and attractive tenure for many people, it was not possible for everyone to be an owner-occupier; the dangerous polarisation between owner-occupation and local authority renting had to be reduced.

Agricultural Marketing

Government proposals to improve the marketing of agricultural produce are contained in the Agricultural Marketing Bill which received its second reading in the House of Commons on 18 November 1982.

Introducing the Bill (*Hansard*, Vol 32, No 12, cols 437-74) the Minister of Agriculture, Fisheries and Food, Mr Peter Walker, said that Britain's agriculture industry compared favourably with those of its competitors in terms of productivity, production, inventiveness and innovation, that the British food manufacturing industry had a 'world-wide reputation and a remarkable national and international record', and that British food retailing was also efficient and effective. The greatest scope for progress, stated Mr Walker, lay in improving Britain's marketing performance, and three years ago he had asked five individuals to examine the problems of marketing. One of their early conclusions had been that 'Britain was at a disadvantage compared with some foreign competitors in having no organisation that had the power of co-ordinating marketing efforts at home and abroad for British food products'.

Mr Walker observed that the proportion of Britain's domestic market taken by British temperate food products had increased and that the volume of food exports had risen since 1979. These two factors alone had meant an improvement in 1982 of £1,650 million in the balance of payments. Although a great deal was happening in the industry, there was considerable scope for import substitution since Britain would be importing in 1982 some £3,250 million worth of temperate foodstuffs that it could produce itself. The other member states of the European Community imported each year £17,000 million worth of foodstuffs of the type that could be produced in Britain which only supplied £1,000 million of this.

In addition the Community exported some £400 million of foodstuffs to the United States of which only £40 million was from Britain. Mr Walker emphasised that there was great potential for exports given the fact that Britain exported only 25 per cent of its food production compared with 80 per cent for Denmark and 35 per cent for France. A new organisation was needed to co-ordinate market research and sales campaigns at home and abroad.

The Bill

The Bill establishes a central marketing organisation to be known as Food from Britain with the power to co-ordinate and develop marketing in agriculture, horticulture, food produce and fish (other than seafish, which is dealt with by the Sea Fish Industry Authority). The functions of the present Central Council for Agricultural and Horticultural Co-operation which improves and develops co-operation are to be transferred to the new body. Food from Britain is to have a Council of 13 to 15 members appointed by agriculture ministers who are empowered to make grants to the new body. Mr Walker said that the Government would provide up to £14 million for the first five years of the organisation's marketing activities. The Bill reflects the intention that, after this period of government funding, Food from Britain should obtain finance for its marketing functions on a voluntary basis from the industry. Funding by the Government of co-operative activities would remain.

British Steel Corporation

In a statement on the future strategy of the British Steel Corporation to the House of Commons on 20 December 1982, the Secretary of State for Industry, Mr Patrick Jenkin, said that he was asking the Corporation to prepare its plan for the next three years on the basis that steel-making would continue at all five major integrated sites.[1]

In his statement (*Hansard*, Vol 34, No 34, cols 672-86), Mr Jenkin referred to the crisis affecting the steel industry world-wide, noting that, although the British Steel Corporation had just about broken even in the last month of 1981-82, and had then had the prospect for the current year, 1982-83, of a small profit before interest, it was again making heavy losses following protectionist measures by the United States (see p 348, 1982) and the sharp downturn in world markets for steel.

Future Capacity

In preparing the British Steel Corporation's new corporate plan for the three years 1983-84 to 1985-86, the British Steel Corporation chairman, Mr Ian MacGregor, had been discussing with Mr Jenkin the option that one of British Steel Corporation's five major integrated steelworks might be closed. 'In considering the future of these five works,' Mr Jenkin said, 'the crucial question is how much capacity is likely to be needed in the foreseeable future. Compared with a manned liquid steel capacity last year (1981-82) of 14·4 million tonnes a year, British Steel Corporation's current output is running at a rate of below 10 million tonnes of liquid steel a year. If there were no prospect of any increased output, there could be no economic justification for retaining all five integrated steelworks.' However, there were a number of factors that should result in some increase in the British Steel Corporation's steel production in 1983. It was difficult to predict how far demand would recover, and much depended on external factors. Above all, the international competitiveness of the main steel-using industries in Britain and of the British Steel Corporation itself would influence production. Another factor to take into account was that the British steel industry had made far greater cuts in capacity than the steel industries in other European Community countries. It was therefore the turn of other member states to close steelworks and cut back capacity.

The Government was firmly resolved that the Corporation should return to lasting viability, free of government subsidy. This was the only way to have an efficient steel industry, providing steel at competitive prices to the market, and the only way to achieve secure employment in steel. Moreover, the European Community steel regime required operating subsidies to be eliminated by the end of 1984. The problem, therefore, was what strategic decision should be taken to achieve the Government's commercial and financial objectives. The Government believed it would be wrong to take irrevocable decisions on future steel capacity at a time of such major uncertainty. 'I am therefore asking British Steel Corporation to prepare its plan for the next three years on the basis that steel-making will continue at all five major integrated sites', he said. 'However, that must depend on each site performing effectively and upon future demand and output.' This did not imply that the Corporation had to maintain manned capacity at the current level of 14·4 million tonnes, or that all the facilities within each of the five major integrated sites would necessarily remain in operation. The Corporation would continue to be free to take management action in such matters.

The Government's preliminary view of the financial consequences of keeping all five sites open (taking possible modernisation at Port Talbot into account also) was that the additional costs could be contained within revised external financing limits for 1982-83 and for 1983-84, which would 'maintain the downward path of government funding of the Corporation, albeit at a slower rate than . . . previously envisaged'. Revised limits for 1982-83 and 1983-84 would be announced as soon as possible.

Productivity

'I must, however, stress one point', Mr Jenkin said. 'The decisions that I have announced today

[1]These are the sites at Llanwern and Port Talbot in south Wales, Scunthorpe, Teesside and Ravenscraig near Glasgow.

do not mean that any particular works or plant is safe. That must depend on future markets and on plants being operated to the highest efficiencies. Massive sums have been invested by the Corporation in modern plant, amounting to over £3,000 million during the past ten years. Although immense progress has been made in raising productivity to levels approaching the best European standards . . . there is still quite a long way to go before British Steel Corporation matches the productivity records of its major competitors.'

Replying to Opposition criticism that the statement in no way provided a long-term answer to the steel industry's problems, Mr Jenkin said that it was intended as guidance for the British Steel Corporation in drawing up its corporate plan. The Government expected to receive this soon and would probably make a further statement in March 1983.

Fair Wages Resolution

The Government has obtained the approval of the House of Commons to rescind the Fair Wages Resolution with effect from September 1983, on the grounds that it is no longer needed.

In a debate in the House of Commons on 16 December 1982 (*Hansard*, Vol 34, No 32, cols 499-575) it was decided to rescind the Fair Wages Resolution, which requires that central government departments award contracts only to contractors who are good employers and who pay fair wages. The decision to rescind was approved by 300 votes to 235, a government majority of 65.

Government View

Opening the debate, the Secretary of State for Employment, Mr Norman Tebbit, drew attention to the changes which had occurred since the Resolution was passed in 1946. The right to belong to a trade union, which was included in it, had been subsequently embodied in the Employment Protection (Consolidation) Act 1978. The small number of claims made for most of the period under the Resolution hardly suggested, Mr Tebbit said, 'that the Resolution was standing between the oppressed masses and the poverty line . . .'. It was clear that the Resolution's time had now passed; it did not help the low paid nor did it assist Britain to compete with other countries or help those without a wage packet to achieve one.

Pay and conditions of employment were matters to be determined by negotiations between the parties concerned in the light of the individual circumstances, not imposed from outside. A pay level which took account of the productivity, efficiency, profitability, market prospects and investment of one firm might be totally inappropriate to the circumstances of another firm. To impose common pay levels in the arbitrary way the Resolution did served only to impede competitiveness and destroy jobs.

Mr Tebbit told the House that the Government had denounced the related International Labour Organisation convention and pointed out that only 51 countries had ratified the convention, while 95 had not done so. Among Britain's competitors who had not ratified were the United States, the Federal Republic of Germany, Japan, Australia, New Zealand, Canada, Sweden, Norway, Switzerland, Portugal, Greece and Luxembourg; in few of these countries were wages lower than in Britain. The measure had originated in an 'entirely laudable effort to deal with the problems of the nineteenth century and the early post-war era'. Changing circumstances had rendered it an anachronism.

The Government proposed that the Resolution should remain in force until 21 September 1983. From that date it would stop including fair wages clauses in any new contract it let and would release its contractors from any such obligations in contracts existing at that time.

Opposition Views

Mr Harold Walker, an Opposition spokesman on employment, said that successive British governments had accepted the International Labour Organisation's convention since its establishment in 1949, and the relevant wording of the convention had been taken from Britain's Fair Wages Resolution, reflecting the country's lead in providing decent terms and conditions of employment. He questioned whether there had been adequate consultation. Responsible employers would be driven out of business by less scrupulous competitors, or would be driven to worsen the terms and conditions of their own workers. Many of the most vulnerable workers would be left without protection against unscrupulous employers.

Mr David Penhaligon, for the Liberal Party, said that it was the responsibility of the state to provide the most vulnerable in society with some protection, but under the Government's proposal the weak would be exploited more than they already were. For the Social Democratic Party Mr John Grant said that the decision followed the steady erosion of protection for the low-paid.

Government Reply

Winding up the debate, the Minister of State at the Department of Employment, Mr Michael Alison, promised that the Government would continue to act responsibly in placing contracts and there would be no relaxation of standards with which government contractors were expected to comply. The argument could not be sustained that the relatively few claims demonstrated the success of the Fair Wages Resolution in promoting good practice. On the contrary, the facts showed that the Resolution was redundant.

Public Expenditure in Northern Ireland

While planned public expenditure in Britain as a whole in 1983-84 is being held within

previously announced limits, that in Northern Ireland is being increased, reflecting the Government's commitment to meeting the special needs of the Province. Priority is being given to law and order, to housing and to strengthening the economy through the encouragement of investment.

The Secretary of State for Northern Ireland, Mr James Prior, said, in a statement issued by the Northern Ireland Office on 14 December 1982, that the public spending allocation for Northern Ireland in 1983-84, at £3,827 million, was some £50 million higher than the level announced at the time of the 1982 public expenditure White Paper. Total expenditure in Britain in 1983-84 was, however, to be held at the level originally announced (see pp 124 and 396, 1982), in accordance with the Government's policy of containing public expenditure as an important plank in the strategy for improving the underlying prospect for the economy.

In distributing the Northern Ireland total, the Secretary of State said that he 'continued to accord the highest priority to the protection of life and property through the law and order programme, to the promotion of the Northern Ireland economy through the encouragement of investment and, within the social and environmental programmes, to housing'. These continued to be widely regarded as the priority areas.

Law, Order and Protective Services

The 1983-84 allocation for law, order and protective services was being raised by £26 million. This was chiefly to meet the cost of increased police force levels announced in November 1982 (see p 379, 1982). Mr Prior attached the utmost importance to providing the Chief Constable with the resources needed to combat terrorism in Northern Ireland. He had no doubt that this determination would have the support of all responsible people in Northern Ireland, in the rest of Britain and abroad.

Industrial Support and Development

Priority would continue to be given to the industry, energy, trade and employment programmes. It was essential that the allocations for public expenditure reflected the Government's determination to arrest the decline in employment opportunities through the creation of viable, long-term jobs in the private sector; dependence on the public sector would provide no long-term stability or security. The Industrial Development Board (see p 327, 1982), which had the full support of all sectors of the community in Northern Ireland, was now established and in operation. Mr Prior expressed the hope that it would be supported in the most practical way possible – by all those connected with Northern Ireland working together to present an image of a province in which others could have confidence. He would continue his efforts to ensure that public funds would be forthcoming to support the job-creation schemes of the Board and the Local Enterprise Development Unit (see p 308, 1981). Accordingly, some £190 million had been allocated to industrial support and development in 1983-84.

Employment and Training

An allocation of some £108 million on employment and training indicated the Government's growing emphasis on manpower measures. In the forefront of these activities was the Youth Training Programme (see pp 21 and 24, 1982) – designed to provide opportunities for further education and training as well as work experience – in which Northern Ireland had moved a year ahead of Great Britain; by the end of October 1982 about 12,000 young people were participating. In 1983-84 this programme was expected to take up over 40 per cent of the total provision for support of the labour market but it should be justified in terms of the more effective preparation it would give young people for life and for employment. Money would also be spent to build up the Action for Community Employment Scheme (aimed to create full- and part-time jobs for the long-term unemployed), to provide Enterprise Ulster (a statutory job creation and training organisation) with funds to support employment at about the current level in 1983-84, and to introduce in Northern Ireland the new job splitting scheme (see pp 268-9, 1982) which would make more part-time work available.

Electricity Prices

The Government intended to maintain its policy of preventing electricity prices in Northern Ireland from rising above the highest levels in England and Wales, despite the higher cost of generation in the Province. Details would not be finalised until March but the recent announcement that average electricity prices in England and Wales would be frozen in 1983 should mean that any increase in Northern Ireland would be small.

Gas

Following the 'promising negotiations' in 1981 with the Government of the Irish Republic, there was the prospect of piping natural gas from the Kinsale field off the coast of the Irish Republic. Public expenditure provision now being made would be adequate to meet the first stage of the capital costs of the project.

Housing

Within the social and environmental programmes, priority would continue to be given to housing. The major drive begun in 1982 to improve housing conditions in Northern Ireland would be maintained and, in some areas, expanded. In accordance with the Government's commitment to priority for housing, the 1983-84 public expenditure survey would enable the Northern Ireland Housing Executive to sustain, and in some cases to increase, levels of activity in areas such as rehabilitation and modernisation above those provided for in the 1982 White Paper. The programme contained provision to encourage private sector house building and renovation through the expansion of co-ownership and higher expenditure on renovation grants. Receipts arising from sales

of dwellings to tenants had been a major element in housing finance.

Inner City Problems

Mr Prior said that the policy of giving special recognition to inner city problems had been continued in two ways. First, he had announced in 1981 a £12 million package of measures to assist the Belfast Areas of Need; £4 million would be spent on these measures in 1983-84. A further package of capital works and assistance to voluntary and community activities in these areas had now been drawn up. The cost would be £5·5 million, of which £1·5 million would be spent in 1983-84. The package would be in addition to the main departmental programmes, including housing, which represented the Government's major effort to tackle the very complex inner city problems of Belfast. Secondly, a new scheme had been introduced in Northern Ireland broadly similar to the arrangements for urban development grant in Great Britain. The basic principle was that of leverage, with limited amounts of public funds being used to bring forward urban renewal projects financed mainly by private funds. The Government would shortly be seeking bids from the private sector and £2 million had been set aside for the first year of this scheme.

Agriculture

A sum of £12 million had been allocated for the continuation of special aid to agriculture in 1983-84. This, together with funds from other sources, would mean that agriculture would in 1983-84 receive about £22 million over and above the basic support measures applying throughout Britain. The precise allocation of the £12 million would be made after consultation with representatives of the industry and clearance by the European Community authorities.

Social Programmes

Expenditure on social security would amount to £1,086 million in 1983-84, £15 million more than in 1982-83. Although the Government continued to give special priority to the economic programmes, law and order, and housing, substantial sums would still be spent on health and education. The 1983-84 allocation for health and personal social services was almost £630 million, representing an increase of £14 million over the previously planned figure. Combined with the drive for improved efficiency in the health service and the falling rate of inflation, this should allow for some growth in services. The education budget was subject to growing pressure partly because of an increased tendency to stay on at school and increased participation in higher education. The education services had also made a major contribution to the first stage of the Youth Training Programme (see p 35); the requirements of this programme would continue. A net addition of £9 million had been made to the previous figure for 1983-84, the provision for the Department of Education being £560 million.

Conclusion

Mr Prior pointed out that the allocations made to the various services in Northern Ireland were 'based on a careful assessment of the Province's needs and priorities' as well as the requirements of the national economy; the outcome reflected 'a genuine recognition by the Government of Northern Ireland's problems'. The new plans were expected to provide 3,500 more jobs than the plans for 1983-84 in the 1982 public expenditure White Paper.

The Secretary of State stressed that practical reasons had prevented him from being able to seek the views of the Northern Ireland Assembly on the priorities to be adopted in the 1982 public expenditure survey. The work on the survey had started in April 1982 and decisions were about to be made before the Assembly had been able to meet. However, the present announcement was being made available as soon as possible to members of the Assembly and to Northern Ireland Members of Parliament. Mr Prior promised to ensure that the announcement of decisions for the remaining years covered by the 1982 survey, which would be made early in 1983 in the next public expenditure White Paper, would be made available in the same way. The White Paper would form a framework within which the Assembly would be able to advise on priorities for 1984-85 as work proceeded on the next annual public expenditure cycle. The Secretary of State was looking forward to having a local forum with locally elected representatives to assist him in establishing priorities for public expenditure in Northern Ireland. It was locally elected people who were best qualified to deal with that kind of issue, and the existence of the Assembly provided the opportunity for them to make a significant contribution.

Progress on Merseyside

The Secretary of State for the Environment has issued a report surveying progress made by the task force set up on Merseyside following disorders there in July 1981.[1]

The report[2] was issued in conjunction with a visit to Merseyside on 17 December 1982 by the then Secretary of State for the Environment, Mr Michael Heseltine.

The Background

Mr Heseltine's report says that, following a long decline in its traditional industries, unemployment in the area has for years been above average; on Merseyside as a whole the unemployment rate is about 20 per cent (compared with a national average of about 13 per cent). Together with the problem of unemployment has gone that of poor housing conditions, not only in elderly pre-war housing, as in other innercity areas, but in estates built in the last 10-20 years. There has been 'a

[1]See pp 241-4, 1981.

[2]The report appeared with a press release issued by the Department of the Environment on 17 December 1982.

massive failure of public sector housing stretching back well before this Government or the present economic conditions'. In the small ethnic communities of Liverpool race adds another dimension to these problems.

The Urban Development Grant

The Urban Development Grant, which Mr Heseltine's report describes as 'a spectacular proposal', uses an initial outlay of public sector expenditure – for example, in reclaiming derelict land – to stimulate a larger amount of private sector investment. It was recommended by the Financial Institutions Group, a team of young managers from the main financial institutions. Applications invited by the Secretary of State from inner urban local authorities, including Merseyside, show that in return for a public sector stake of some £250 million the private sector would be prepared to put in £500 million. A similar approach to attract private investment is being adopted with the derelict land grant (see pp 27-8, 1982).

Projects on Merseyside

The report lists a number of projects being carried out on Merseyside:

Technology Park: Sixty acres (24 hectares) of unused land are being reclaimed at public expense to provide advance factory units for small high technology firms. The park is being sponsored by the large electronics company Plessey, alongside whose factory it is being built.

Granada Television is about to launch a series of programmes focusing on the activities of new small businesses, and will be running a competition to find the most imaginative and promising venture in the region.

Managers seconded to the task force have been helping small businesses – for example, one has been promoting an intensive programme of improvement on industrial estates at Kirkby and Knowsley, with consequent effects on morale and confidence.

English Industrial Estates, which is now in the process of acquiring land in the centre of Toxteth, has also built 68 small factory or 'beehive' units providing floor-space from 500 to 5,000 square feet (46 to 460 sq m) in the Speke Enterprise Zone.

Business in Liverpool is the name of a new enterprise trust, joining similar trusts already established and catching on fast all over the country, consisting of big companies in the area who have come together to pool their resources to give help and advice to small business. The basic concept owes much to the pioneering work of the St Helens Enterprise Trust developed by glass manufacturers Pilkington and the local authority.

The Merseyside Innovation Centre is a joint project involving the university, the polytechnic and industrial nominees from the county council to promote the commercial development of research ideas being developed in the university and polytechnic and to provide a source of technical advice to local companies.

New training initiatives of various kinds have been launched or promoted, including a clerical training centre, seven information technology centres (see p 239, 1981), five small firms workshops, three commercial business training centres, an initiative to fund 40 extra apprentices on Merseyside in electronics and electrical engineering, and a training scheme in boat building.

The Merseyside Enterprise Newsletter, distributed to over 3,000 companies on Merseyside, keeps companies informed of the schemes which other companies are carrying out and lists the central and local government support available.

Housing

The Government has increased the money available to Liverpool to spend on housing from £33 million in 1981-82 to £56 million in 1982-83, while government measures have encouraged owner-occupation, including share ownership and low-cost home ownership, to release resources for those less fortunate. Prominent among the schemes being promoted by the Government is the proposal by a private trust to refurbish an estate of some 3,500 houses in one of the outer Merseyside districts (see also p 32). A semi-derelict block of council-owned flats in central Liverpool has been taken over by a private developer who is refurbishing it for sale. Six community refurbishment schemes are under way, using housing and urban programme resources to pay for the works and Manpower Services Commission funds to take on unemployed building workers to work on refurbishing the estates on which they live. The schemes are already very successful and will be followed by at least a further eight schemes.

Infrastructure

To tackle the major problem of the extensive disused docks the Government has set up the Merseyside Development Corporation, with powers and resources to reclaim the land, rehabilitate the former dock buildings, and seek out profitable private sector development to make use of them.[1] A large area of the former south docks is already on the way to complete reclamation for the International Garden Festival, to be held in 1984 (see below).

The neglected site around the Anglican Cathedral is being developed to provide housing for sale and rent, together with public open space. The site of the former Tate and Lyle factory is the subject of competition for industrial development proposals. The enterprise zone at Speke is to be extended, providing incentives and opportunities for badly needed development and jobs. Urban programme support of £2·5 million has been approved for the construction of a new runway apron and other associated works for the airport. Urban programme funds have also been approved for the refurbishment of Lime Street railway station.

[1]For further details see COI reference paper *Britain's Enterprise Zones and Urban Development Corporations*, No 140/82.

To reduce the pollution in the River Mersey, the amount which the North West Water Authority is expected to spend by 1985 on its programme of improvement to the Mersey Estuary has been increased from £90 million to £170 million. A major consultation process has been launched on how to tackle the river's pollution problem as a whole.

Recreation

The International Garden Festival in 1984, described as 'one of the most substantial inner city regeneration schemes in post-war Britain', is expected to attract some 3 million visitors. The boat museum at Ellesmere Port has already been established and will complement the maritime museum being developed by the County Council. The project to establish a 'northern Tate Gallery' in Liverpool's Albert Dock Warehouse complex will, it is hoped, provide a real asset for the city. In 1981 the Government announced that it would match contributions from the private sector towards sport and recreation projects up to a maximum of £1 million; contributions exceeded the target by £250,000, which the Government has agreed to match.

Conclusion

Concluding his report, Mr Heseltine says that there are no magic solutions to the problems of Merseyside, and solving them 'will take time and commitment over decades rather than years'. The partnership between public and private sectors has, however, 'never been so closely and so beneficially advanced', helping to create a spirit of local community which has not been seen for 40 years.

Shorter Notes

MULTI-FIBRE ARRANGEMENT

The Secretary of State for Trade, Lord Cockfield, announced in the House of Lords on 14 December 1982 that the Council of Ministers of the European Community had agreed that the Community should stay in the third Multi-Fibre Arrangement (MFA)[1] for the whole of its term up to July 1986. This decision had been reached after nearly two years of negotiations aimed, first, at deciding upon a protocol to extend the MFA itself, and, secondly, at settling with 26 supplying countries or territories the terms of new bilateral agreements to run until the end of 1986.

Agreements, effective from 1 January 1983, had been initialled with 25 countries or territories. The twenty-sixth, Argentina, had not concluded a new agreement; the Community would therefore impose a unilateral limitation on its imports of Argentine textiles. Unilateral measures against Taiwan would continue.

There were two major points in the agreements. First, for eight of the most sensitive textile and clothing products, the global ceilings established by the Council of Ministers in February 1982 had been fully respected. The annual average rate of growth in these quotas between 1983 and 1986 would be substantially below 1 per cent as far as Britain was concerned. Secondly, for five particular categories of clothing, the 1983 quotas of Hong Kong, Macao and the Republic of Korea – the three dominant suppliers which had so far concluded agreements – would be reduced by an average of 7-8 per cent below their 1982 levels. The corresponding quotas for Taiwan would, for the time being, be cut by 10 per cent. For other categories of clothing the annual growth rates of quotas would, in the great majority of cases, be significantly below the rates applying under the second MFA.

The new agreements, Lord Cockfield said, extended the protection of Britain's textile and clothing industries against low-cost imports for a further four years and at a more stringent level than previously. He had 'every confidence that those industries which have played such a notable part in the industrial life of this country will take full advantage of the certainty offered to them by these agreements to secure and improve their position in home and export markets'.

Source: *Hansard* (*HL*), Vol 437, No 22, cols 479-80.

[1]The objective of the MFA of the General Agreement on Tariffs and Trade is to promote the orderly growth of trade in textiles, balancing the interests of exporting and importing countries. In practice, this means that low-cost suppliers accept restrictions on their exports in return for guarantees on access to markets in developed countries.

MEASURES TO HELP SMALL FIRMS

Cheap loans from the European Community and simpler tendering procedures for small firms seeking government contracts were announced by Mr John MacGregor, Parliamentary Under-Secretary of State for Industry, during a debate in the House of Commons on small businesses and the economy on 26 November.

Referring to arrangements currently being finalised to facilitate lending from Community funds to small and medium-sized businesses, Mr MacGregor said he hoped that the scheme would be introduced early in 1983. 'Loans will be available ... for investment in fixed assets through banks and finance houses to firms with up to 500 employees. They will be for a fixed term and at a fixed rate of interest but they should be cheaper than comparable lending by United Kingdom banks and financial institutions. In contrast to the existing European Investment Bank loan schemes they will not be limited to the assisted areas but will be available throughout the United Kingdom.'

There was still some work to do in talking to potential agents and finalising the necessary exchange risk cover which the Government would provide to make the loans attractive to British firms. 'But we have the makings of a valuable contribution to the investment packages currently available to small firms.'

Mr MacGregor also announced new measures to assist small firms seeking government contracts. He said that it was important to ease the way for small firms to compete on even terms in the mutual interest of both purchasers and suppliers, and that as a result of a review of small firms' access to government contracts, he was able to announce measures which would simplify tendering and approval procedures for small firms. The measures had gained acceptance among the major purchasing departments and the Government was now considering the details of implementation. There were three measures.

'First, suppliers to most government departments will now be exempt from normal approval procedures for contracts under £2,000, and we shall be looking closely to see whether this limit could be raised. Second, we shall now allow non-approved firms to tender for non-urgent contracts, and be subject to approval afterwards. Third, departments will regularly review their approved lists, encourage new suppliers and will rotate invitations to tender among suppliers in so far as this is consistent with getting good value for money.'

Source: *Hansard*, Vol 32, No 18, cols 1115-79.

RADIO-TELEPHONE SERVICES

The Government's decision to license a second national cellular radio-telephone system[1] was confirmed in the House of Commons on 16 December 1982 by Mr John Butcher, Parliamentary Under-Secretary of State for Industry. Mr Butcher said that in June 1982 the Secretary of State for Industry had announced his provisional decision to license two competing radio-telephone services (see p 253, 1982). Half the frequencies would be allocated to a consortium in which British Telecom and Securicor (a private sector security firm) would each have 50 per cent of the shares, while the other half would be allocated to a private sector company selected by means of open competition. A firm of consultants appointed to evaluate the competing bids had recommended, with the full support of the Department of Industry's advisory panel on telecommunications liberalisation, that the bid submitted by Racal-Millicom Ltd met all the conditions laid down in the guidelines on which the competition had been based and provided not only the greatest industrial benefits but also the best prospect for early national coverage by cellular radio.

Mr Butcher said that Racal intended to make an initial investment of £45 million by 1985 and planned total investment of up to £200 million by 1989. This would provide wide national coverage in 1985 when seven 'network control switches' would be installed in London, Birmingham, Manchester, Newcastle upon Tyne, Edinburgh, Cardiff and Belfast. The aim was to cover 64 per cent of the land area of Britain and 90 per cent of the population within five years. The precise number of subscribers would depend on Racal's success in marketing its system on a nation-wide basis, on the success of British manufacturers in producing and marketing radio-telephones suitable for use with cellular technology and on the early introduction of hand portable telephones.

The Government was convinced, Mr Butcher continued, that an investment on the scale planned by Racal, coupled with the investment proposed by British Telecom and Securicor, would have major benefits for commerce, industry and transport in all parts of Britain. The Racal system would also provide effective competition for British Telecom and should ensure that from 1985 onwards radio-telephones would be cheaper, more available and of better quality. The Secretary of State for Industry had therefore decided to confirm his provisional decision to license a second national cellular radio-telephone system and had authorised the Department to begin negotiations with Racal with a view to the early issue of a licence.

Source: *Hansard*, Vol 34, No 33, written answers, cols 215-16.

[1]Cellular radio will operate over a network of cells covering a given area. At the centre of each cell there is a transmission and reception point with a range of a few miles. As only adjacent cells need to operate on different frequencies, a few channels can serve a wide area, permitting a large increase in the number of radio-telephone users. Computers direct calls from one cell to another and determine the frequency which should carry a particular call, switching frequencies automatically as radio-telephone users move from one cell to the next.

EXPANSION OF EDUCATION IN INFORMATION TECHNOLOGY

A £100 million, three-year programme to expand education and research in information technology and related fields was announced by the Government on 16 December 1982. Introducing the programme, the Secretary of State for Education, Sir Keith Joseph, said that it was in accordance with the Government's policy of enhancing the strength of British industry and commerce in information technology and of encouraging its wider application and acceptance.

The money will provide in the first year, 1983-84, for an extra 2,000 places in universities, polytechnics and other colleges on courses such as computer science, the use of micro-computers and micro-electronic engineering. About half of the places will be for post-graduate or post-experience students. An extra 70 staff posts will be established in the universities and a similar number in polytechnics and other colleges. An additional 45 Science and Engineering Research Council fellowships will be created and £5 million spent in additional research grants. The money will also be used to improve training for technicians and related staff in non-advanced further education, and for the development of course materials. By the end of the three years it is planned that there should be an extra 5,000 student places, some 400 additional staff in universities and polytechnics, and a trebling of research fellowships.

Under a separate part of the programme some 700 extra researchers and lecturers in natural

science and technology (200 a year) and the arts (30 a year) will be appointed in the next three years; the aim is to ensure a supply of new academic staff to the universities, particularly in the field of scientific research.

Sources: *Hansard*, Vol 34, No 32, cols 187-9; Department of Education press notice, 16.12.82.

INTERNATIONAL BUILDING SERVICE

The launch of a new service to help overseas clients to procure British construction products and services has been welcomed by Lord Limerick, the chairman of the British Overseas Trade Board. It would benefit the work of the construction industry both at home and overseas, he said, and would lead to a greater awareness of British products overseas and a greater demand for them. Known as the International Building Service, it has been set up by the London-based Building Centre,[1] which was established in 1931 to provide information on products and services mainly for the domestic market. The Centre has numerous links abroad through an international network of similar centres, and its facilities include a unit able to provide technical translations in 40 other languages. In response to requests from overseas customers the International Building Service will take full specifications, approach appropriate British companies, and maintain a liaison role until the customers' requirements have been fully met. It will also arrange introductions to potential business partners who may be willing to take part in joint ventures or provide financial assistance. A spokesman for the new service said, at its launch on 1 December 1982, that Britain had unrivalled experience in carrying out capital projects throughout the world and that British manufacturers, contractors and consultants could meet the needs of construction markets in virtually every territory.

New overseas orders won by building and civil engineering contractors in 1981-82 were worth a third more than in the previous year (see pp 358-60, 1982).

Sources: British Overseas Trade Board press notice, 1.12.82.

FLEXIBLE MANUFACTURING SYSTEM

The Department of Industry has met over half the £3 million cost of setting up the 600 Group's flexible manufacturing system SCAMP (Six-hundred Computer-Aided Manufacturing Project) at the company's plant at Colchester (Essex).

The objective of the system is to automate the small batch manufacture of a wide range of turned components consisting of a mixture of shafts, gears and discs in steel and significantly to reduce production time and the volume of unfinished work. Around 75 per cent of engineering manufacture in Britain is produced in small batches, and up to now most attempts to automate small batch manufacture have resulted in long queues for the machines. The machining processes involved in the project's operation include turning, milling, drilling, tapping, cylindrical grinding, spline hobbing and broaching. Batches vary in size from 25 to 100 and are completed in three days. There are nine machining stations manned by only three employees.

The system will be used for sub-contracting work as well as for the company's own production purposes. The project team is able to advise on the use of any part of the system which can be applied to a wide variety of flexible manufacturing systems (see p 211, 1982) ranging from large installations to small individual modules.

Source: *British business*, 10.12.82.

MacROBERT AWARD

The MacRobert Award (see pp 70-1, 1975) for 1982 has been won by Professor Denis Desty of the BP Research Centre and Kaldair Ltd (a member company of the BP group) for the invention, development and marketing of flare systems for disposing of surplus flammable gases in industrial processing. The MacRobert Award is the major award for engineering in Britain and is made by the Fellowship of Engineering (see p 132, 1976) for successful technological innovation which has contributed or will contribute to national prestige and prosperity. The award is made annually and this is only the third time it has been made to an individual.

The flaring of flammable gases is an essential feature of a number of industrial processes. On offshore oil platforms, for example, flares are used to discharge safely large quantities of gas under emergency conditions. The Kaldair company originates directly from Professor Desty's work at the BP Research Centre in the 1960s and 1970s. As the commercial potential of these flares became apparent, BP decided in March 1978 to form Kaldair as a wholly-owned subsidiary; from small beginnings, it now has an annual turnover of £6 million and has been awarded 80 per cent of contracts for flaring systems on 'second generation' North Sea oil platforms.

Source: *British business*, 17.12.82.

SCIENCE BUDGET FOR 1983-84

The Science Budget, which is intended to further scientific knowledge, to help to maintain a fundamental capacity for research and to support higher education, will total £516·8 million in 1983-84.

Announcing this in the House of Commons on 15 December 1982, the Secretary of State for Education and Science, Sir Keith Joseph, said that he had considered the recommendations of the

[1]The address of the service is The International Building Service, The Building Centre, 26 Store Street, London WC1E 7BT.

Advisory Board for the Research Councils (which advises the Secretary of State on his responsibilities for civil science with particular reference to the research council system, including the allocation of the Science Budget among the research councils and the other recipient bodies) and proposed the following allocations: Science and Engineering Research Council, £254·5 million; Medical Research Council, £113·7 million; Natural Environment Research Council, £62·5 million; Agricultural Research Council, £46·0 million; Social Science Research Council, £22·4 million; British Museum (Natural History), £12·7 million (including £3·3 million for building works); and the Royal Society, £5·0 million. (See also p 374, 1982.) The proposals are subject to approval by Parliament.

Source: *Hansard*, Vol 34, No 31, written answers, cols 136-8.

BRITISH NATIONAL OIL CORPORATION

The maximum statutory borrowing limit for the British National Oil Corporation has been lowered from £600 million to £100 million, and the maximum to which it can be increased by a further Order lowered from £800 million to £150 million. The change has been made following the transfer of assets in the Corporation's oil production and exploration business to a separate company, Britoil (see pp 364-5 and 417, 1982).

Announcing this in the House of Commons on 14 December 1982, the Minister of State for Energy, Mr Hamish Gray, explained that the lower limits, reflecting the change in the Corporation's business and requirements for capital, were needed if the Government was to secure the proper parliamentary control over the Corporation's borrowing. The £100 million limit would be sufficient to cover any mismatches that might occur between the Corporation's receipts and payments for cargoes of oil, and to cover the situation where the Corporation might have to hold and store oil temporarily. The gap between upper and lower statutory borrowing limits was to allow time, should the lower limit be exceeded, to prepare legislation necessary to increase the upper limit.

Source: *Hansard*, Vol 34, No 31, cols 219-21.

NATIONALISED INDUSTRY CONSUMER COUNCILS

Proposals designed to assist the work of the nationalised industry consumer councils have been set out in a paper published on 22 December 1982 by the Department of Trade. (The councils, 44 in number, are statutory bodies which investigate questions of concern to consumers of services provided by the nationalised industries in Great Britain.) Following the response to a consultative document published in December 1981 (see p 29, 1982), the Government has decided not to reduce the number of councils, but instead to clarify their roles and to strengthen their relationships with the industries and with the Government.

The paper states that within the context of a general government policy of encouraging efficiency and good management in public bodies, the nationalised industry consumer councils have an essential role – that of monitoring the standards and quality of service of the industries. These functions, it says, can be performed most effectively where clear yardsticks exist against which the industries' performance can be measured and the results publicised. As well as pressing for the development of yardsticks, the councils should ensure that the consumer's view is heard in decisions on costs and prices and should evaluate the industries' arrangements for handling consumer complaints. For each of these three key areas of activity, the Government intends to ask the national councils[1] to prepare (in conjunction with the industries) guidelines on what each council will undertake to do. It is hoped that, eventually, a statutory basis could be provided for these guidelines. The paper also proposes that the statutory basis for the consumer council's legal rights and obligations should be improved and rationalised. In particular the councils' right to information from the industries should be strengthened.

The organisation of the councils can be improved, the paper says, by working towards better relationships between the national, regional and local tiers of the system and between the national councils and the National Consumer Council (an independent non-statutory body representing the consumer's point of view to the Government and to industry). It is also proposed to reduce the membership of the councils to between 15 and 20 members, and to change over to a system of financing the councils by grants-in-aid (for which some of the national councils would have to account) instead of administering expenditure on them as part of the accounts of the Department of Trade, as at present.

It is most important, the paper concludes, that constructive working relationships are achieved between the councils, the nationalised industries and the government departments which sponsor them, and that there should be systematic arrangements for following up reports published by the councils.

Sources: *Hansard*, Vol 34, No 36, written answers, col 547; *The Nationalised Industry Consumer Councils: A Strategy for Reform*, available free from Consumer Affairs Division, Department of Trade, Room 2521, Millbank Tower, Millbank, London SW1P 4QU.

LABORATORY ACCREDITATION SCHEME

Some 240 laboratories applied to join NATLAS (the national testing laboratory accreditation scheme – see p 183, 1981) in its first year of

[1]There is a three-tier structure for some of the industries which comprises district, regional and national councils.

operation, and 175 were accredited. Under the scheme, administered by the Department of Industry's National Physical Laboratory, the competence of testing laboratories to carry out particular tests or types of tests is assessed and accredited. Speaking in London on 9 December 1982, Mr John MacGregor, Parliamentary Under-Secretary of State for Industry, said that measures of the scheme's success were the extent to which it had become accepted by laboratories' customers and the extent to which government departments, nationalised industries and other public bodies were not merely supporting the scheme but discontinuing their own assessment laboratories. Support had also been forthcoming from private sector users such as Lloyd's Register of Shipping. It was important, he said, for industrial users to follow the lead set by the public sector. The prosperity of industry depended on the quality of its products, and accurate and reliable testing was an essential ingredient of quality.

Source: Department of Industry press notice, 9.12.82.

SOCIAL AND CULTURAL AFFAIRS

Treatment and Rehabilitation of Drug Misusers

The Government is to make £2 million available in 1983 to enable health and local authorities and voluntary organisations to develop schemes for helping people with drug problems. This is the Government's initial response to the report *Treatment and Rehabilitation*,[1] produced by a working group of the Advisory Council on the Misuse of Drugs and published on 1 December 1982. The working group was set up in 1975 to undertake a comprehensive review of existing treatment and rehabilitation services for drug misusers and to make recommendations for strengthening and developing these services.

The Report

In its introduction the report says that the range of services currently provided for the treatment and rehabilitation of drug misusers, including drug treatment centres and non-statutory agencies, has been shown to have had some success. Nevertheless, the success rate remains relatively low, and the changes that are taking place in the patterns and extent of drug misuse and in approaches to the care of drug misusers mean that existing services are becoming less able to make a sufficient response. The available evidence points to a substantial increase in the numbers of people misusing drugs in recent years. Misuse extends from the opioids through amphetamines and barbiturates to the minor tranquillisers, while the increase in multiple drug misuse is also a matter for concern. In parallel with this growth in drug misuse, there has been increasing questioning of the practice of prescribing controlled drugs to addicts, especially on a long-term maintenance basis. There have also been growing difficulties in funding existing services, particularly those of the non-statutory agencies.

The report concludes that there is a need for a change of approach in three respects. First, the traditional forms of treating addiction are too narrow; a broader approach designed to respond to the whole range of medical and social problems encountered by drug misusers would be more effective. This approach has been adopted with regard to alcohol misuse. Secondly, the current tendency to divide response into two separate categories, treatment and rehabilitation, is counter-productive; a long-term response is required which can bring about an enduring change in the drug misuser's behaviour. Thirdly, a more co-ordinated approach, both at local and national levels, is needed; the main objective must be to use not only the full range of specialist services, but also the statutory services concerned with social support, including social work and youth services, housing and employment agencies. A real commitment is needed from both central and local government to ensure the provision of a basic minimum service that can be built upon to suit local requirements.

The report also investigates the increasing involvement of doctors outside hospitals in the treatment of drug misusers, often with little or no training and without the assistance of those in other disciplines. It concludes that though some of these doctors may have a role to play in the development of services, strict safeguards are needed to ensure that the treatment provided is consistent with good medical practice, that the risk of prescribed drugs reaching the illegal market is minimised, and that adequate support is available to enable a multi-disciplinary response to be made to the needs of patients.

The report also calls for improved training for all those likely to come into contact with drug misusers, and more research into the treatment and rehabilitation services provided for them. It says that additional funding must be made available both at central and local government level to provide an adequate response to the problem.

Other proposals

Among the report's specific proposals are the following:

1 Prime responsibility for the provision and development of services should remain at local level. Each regional health authority should ensure that the extent of problem drug taking in its region is monitored, assess the extent of the services provided and develop a policy for meeting local needs.

2 Regional and district drug problem teams, and district drug advisory committees, should be established which together could ensure the co-ordinated development of services suited to local needs and make available specialist advice and

[1] *Treatment and Rehabilitation*. Report of the Advisory Council on the Misuse of Drugs. HMSO, £3·95. ISBN 0 11 320821 9.

support to those working with problem drug takers.

3 Hospital-based treatment services should encompass the treatment of all forms of problem drug taking.

4 Advisory/counselling services should be developed and might be combined with day-care centres.

5 A wider range of residential facilities is needed with a greater degree of flexibility in the programmes offered and in the length of stay.

6 A network of support based on the regional drug problem teams should be available to doctors not working in hospital-based services who are treating problem drug takers.

7 Guidelines should be prepared on good medical practice in the treatment of problem drug takers.

Government Response

Responding to the report's recommendations the Secretary of State for Social Services, Mr Norman Fowler, said in a parliamentary reply on 1 December 1982 (*Hansard*, Vol 33, No 21, written answers, cols 215-16) that the Government recognised the challenge posed by the growth of drug misuse and was determined to respond. Drug misuse was a major social problem with grave consequences that could not be ignored. The Government accepted the view that prime responsibility for the provision and development of services should remain at local level; each region must develop a policy for meeting local needs. The report would be distributed to health and local authorities and to voluntary and professional bodies for their comments on the specific recommendations. A special conference of the medical profession was being arranged to look at the part doctors could play in responding to the problems of drug misuse.

To prepare the ground for new initiatives, the Government was making available £2 million for grants to health and local authorities and voluntary bodies to enable them to bring forward schemes in the coming financial year.

Commenting later on the report, Mr Fowler said that the Government's policy was first to contain the problem of drug abuse, and then to reduce it. There was also a need to reduce the supply of damaging drugs. The number of narcotic drug addicts known to the Home Office was 3,800 in 1981 (compared with 1,550 in 1971) but the total figure, taking account of people dependent on other types of drug, could be as high as 40,000. Other countries had much larger problems, but that was no reason to underestimate the problem in Britain. There was a key role for the forces of law and order in reducing supplies, while it fell to health education to persuade people to take greater responsibility for their own health and for a sensible life style. The professions had responsibility for ensuring that their members had the training they needed to cope with the challenge of drug misuse.

[For further information see COI reference pamphlet *The Prevention and Treatment of Drug Misuse in Britain*, No R5945/78.]

DOCUMENTATION

Government and Administration

Parliamentary Elections in Britain. COI, No 175/RP/82. (French and Spanish editions in preparation.)

The Official Opposition in the British Parliament. COI, No. 180/B2. (Spanish edition in preparation.)

External Affairs and Defence

The Falklands Campaign: The Lessons (see p 7). Cmnd 8758. HMSO, £3·95. ISBN 0 10 1B75B0 0.

The Falklands Campaign. A Digest of Debates in the House of Commons 2 April to 15 June 1982. HMSO, £8·50. ISBN 0 11 701059 6.

The Handling of Press and Public Information during the Falklands Conflict. First Report from the House of Commons Defence Committee, Session 1982-B3.

Vol I. Report and Minutes of Proceedings. HMSO, £5·25. ISBN 0 10 2761B3 3.

Vol II. Minutes of Evidence. HMSO, £15·10. ISBN 0 10 2763B3 6*.

Britain and the Falklands Crisis: A Documentary Record. COI, No 192/RP/82.

Caribbean and Central America. Fifth Report from the House of Commons Foreign Affairs Committee, Session 19B1-82. HMSO, £14·20. ISBN 0 10 204782 0*.

Development Co-operation: 1982 Review. Efforts and Policies of the Members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Published by the Organisation and available from HMSO. ISBN 92 64 12392 X.

British Indian Ocean Territory. COI, No 186/82.

Economic and Scientific Affairs

Family Expenditure Survey 1981. HMSO, £13. ISBN 0 11 361230 3.

Taxation of International Business. Available from the Board of Inland Revenue, Somerset House, London WC2R 1LB. £3·20.

The Local Government Audit Service. Report of the Chief Inspector of Audit for the year ended 31 March 1982. Department of the Environment. Available from the Audit Inspectorate, St Lawrence House, 29-31 Broad Street, Bristol BS1 2EX. £4·50.

Welsh Local Government Financial Statistics No 5, 1981. Available from Publications Unit, Economic and Statistical Services Division, Welsh Office, Cathays Park, Cardiff CF1 3NR. £3. ISBN 0 904251 71 3.

Labour Force Survey 1981. A survey conducted by the Office of Population Censuses and Surveys, the General Register Office for Scotland and the Department of Finance in Northern Ireland on behalf of the Department of Employment and the European Community. HMSO, £6·20. ISBN 0 11 690964 1.

Health and Safety Commission Report 1981-82. HMSO, £4. ISBN 0 11 883671 4.

Mines: Health and Safety 1981. HMSO, £3·50. ISBN 0 11 BB366B 4.

Quarries: Health and Safety 1981. HMSO, £2. ISBN 0 11 883667 6.

The Nationalised Industry Consumer Councils: A Strategy for Reform (see p 41). Available free from Consumer Affairs Division, Department of Trade, Room 2521, Millbank Tower, Millbank, London SW1P 4QU.

First Special Report from the House of Commons Industry and Trade Committee. Government Support for Trade and Industry in Northern Ireland. Observations by the Government on the Seventh Report of the Committee in Session 1981-82. The Government accepts the Committee's recommendations that sectors relevant to the Province's employment needs should be identified (robotics, electronic office and medical equipment, food processing and service industries, including tourism, are currently receiving special attention), and that small firms should be encouraged. It agrees, too, that provision for house building would

provide a boost to the economy, and has given housing top priority in the 1982-83 social and environment programme. The need to project a realistic image of Northern Ireland, without undue attention to the 'abnormal' side of life in the Province, is also recognised, along with the need to encourage firms in the rest of Britain to open up new factories in Northern Ireland. The Government entirely agrees with the Committee that the Province should continue to be treated as a special case. HMSO, £1·25. ISBN 0 10 208583 8.

The Thames Barrier. COI, No 191/82. (Dutch, French and Spanish editions in preparation.)

Agricultural Research Council Annual Report 1981-82. HMSO, £4. ISBN 0 7084 0254 2.

Energy Technology Support Unit. Strategic review of the renewable energy technologies.
Vol I. Executive summary and main report. HMSO, £5. ISBN 0 7058 0526 3.
Vol II. Appendices containing detailed analyses. HMSO, £16. ISBN 0 7058 0536 0.

The Work of HM Nuclear Installations Inspectorate. HMSO, £3·50. ISBN 0 11 883664 1.

Emergency Plans for Civil Nuclear Installations. HMSO, £2·75. ISBN 0 11 883669 2.

Road Accidents Great Britain 1981. HMSO, £5·50. ISBN 0 11 550585 7.

Port Statistics 1981. Available from the British Ports Association, Commonwealth House, 1-19 New Oxford Street, London WC1A 1DZ. £20.

Social Science Research Council. Annual Report 1981-82. HMSO, £2·50. ISBN 0 86226 054 X.

Air Pollution Control: the Government response to the Fifth Report of the Royal Commission on Environmental Pollution (see pp 83-5, 1976). (Pollution Paper No 18). HMSO, £2·80. ISBN 0 11 751654 6.

Social and Cultural Affairs

Social Trends No 13. 1983 edition. Central Statistical Office. HMSO, £19·95. ISBN 0 11 620008 1.

Social Services for Children in England and Wales 1979-81. The report by the Secretaries of State for Social Services and for Wales looks at services for children provided by local authorities and voluntary organisations. It shows that expenditure in the main children's services has risen and that more attention is being paid to providing family support services. Other areas covered include the new advice on registration procedures for children considered to be at risk of abuse, and the increased emphasis on intermediate treatment as an alternative to custody for young people who get into trouble with the law. HMSO, £3·40. ISBN 0 10 207983 8.

Judicial Statistics Annual Report 1981. England, Wales and Northern Ireland. Cmnd 8770. HMSO, £9·25. ISBN 0 10 187700 5.

Treatment and Rehabilitation. Report of the Advisory Committee on the Misuse of Drugs (see p 43). HMSO, £3·95. ISBN 0 11 320821 9.

Mathematical Development, Secondary Survey Report No 3. A study of the performance in mathematics of 15-year-olds in England, Wales and Northern Ireland. Produced by the Assessment of Performance Unit, Department of Education and Science, Department of Education for Northern Ireland and Welsh Office. HMSO, £6·60. ISBN 0 11 270553 7.

English House Condition Survey 1981. Part 1: Report of the Physical Condition Survey. The report finds a significant reduction in the number of dwellings lacking basic amenities from 2·8 million in 1971 to 0·9 million in 1981. The proportion of dwellings in owner-occupation lacking one or more basic amenities has fallen from 11 per cent in 1971 to 3 per cent in 1981, and there have been similarly proportionate falls in the private rented and local authority sectors. The number of unfit dwellings has remained fairly constant, but the number of dwellings in serious disrepair increased by 22 per cent between 1976 and 1981. HMSO, £3·80. ISBN 0 11 751652 X.

Code of Guidance for Sites of Special Scientific Interest. HMSO, £2. ISBN 0 11 751653 8.

Television and Radio 1983: IBA Guide to Independent Broadcasting. Independent Broadcasting Authority. £3·50. ISBN 0 900485 43 4.

BBC Annual Report and Handbook 1983. British Broadcasting Corporation. £4·50. ISBN 0 563201 533.

Report by the Minister for the Arts on Library and Information Matters during 1982. Incorporates a fuller review of developments by the Library and Information Services Council. Cmnd 8769. HMSO, £1·65. ISBN 0 10 187690 4.

© *Crown copyright 1983*

Printed in England by Brown Knight & Truscott Ltd
and Published by
HER MAJESTY'S STATIONERY OFFICE
£1.50 net

Annual subscription including indices and postage £20.86

Dd 8298582 K8 JANUARY/1983
ISBN 0 11 726958 1 Vol. 13 No. 1
ISSN 0039—6214